CENSUS '85/'86

The Discount Industry's Top 100 Chains

Rank	Chain (HQ state in parentheses)	Volume in Millions: General Merchandise Last Fiscal Yr.	Volume in Millions: General Merchandise Prev. Fiscal Yr.	Net Earnings (Loss) in Millions: Last Fiscal Yr.	Net Earnings (Loss) in Millions: Prev. Fiscal Yr.	No. of Stores: 1/85	No. of Stores: 12/85	No. of Stores: To Be Added, 1986	Net Selling Space (Sq. Ft.) (Add 000): 1/85	Net Selling Space (Sq. Ft.) (Add 000): 12/85	Net Selling Space (Sq. Ft.) (Add 000): To Be Added, 1986
1	K mart (Mich.)	$21,040[A]	$18,871[A]	$492.9	$487.2	2,173	2,196	35	124,200	125,500	200
2	Wal-Mart (Ark.)	6,268	4,744	270.8	196.2	745	860	115	37,350	43,115	5,776
3	Target (Minn.)	3,550	3,118	235.6**	176.8**	217	230	—	21,210	22,481	—
4	Best Products (Va.)	2,253	2,081	13.6	37.1	204	214	—	6,120	6,420	—
5	Zayre (Mass.)	2,195	1,902	122.2**	90.8**	290	325[B]	20	16,078	17,907	1,108
6	T.G. & Y. (Okla.)	2,020	2,020	—	—	743	733	—	21,875	21,650	—
7	Toys "R" Us (N.J.)	1,701	1,320	111.4	92.3	198	233	—	4,950	5,825	—
8	Service Merchandise (Tenn.)	1,607	1,458	44.6	44.9	175	290[C]	20	3,500	5,800	400
9	Bradlees (Mass.)	1,404[D]	1,183[D]	85.2**	80.5**	132	150[E]	—	9,273	10,538	—
10	Gemco (Calif.)	1,247	1,153*	12.7	47.5**	77	80	2	6,160	6,400	160
11	Caldor (Conn.)	1,257*	1,120*	—	—	103	108	5	8,240	8,640	400
12	Marshalls (Mass.)	1,190	1,061	—	—	209	224	—	6,270	6,720	—
13	Hills (Mass.)	1,170*	1,026*	89.1**	83.1**	123	125	13	8,030	8,150	850
14	Price Club (Calif.)	1,164[F]	643	28.6	14.7	19	25	—	1,900	2,500	—
15	Fred Meyer (Ore.)	1,128*	875*	—	—	91[G]	91	—	6,675[G]	6,675	—
16	Pay Less (Ore.)	1,083*[H]	958	—	24.7	159	179	—	3,820	4,296	—
17	Meijer (Mich.)	960*	933*	—	—	51	54	—	6,172[I]	6,534	—
18	Roses (N.C.)	927	829[J]	23.9	21.9	193	205	25	7,444	7,947	600
19	Venture (Mo.)	915	794	49.8**	43.6**	57	62	5	4,560	4,960	400
20	Ames (Conn.)	822	647	28.5	19.9	180	321[K]	—	7,525	14,186	—
21	Western Auto (Mo.)	698[L]	560	30.1	16.6	2,590	2,269	—	1,512[L]	1,379	—
22	T. J. Maxx (Mass.)	649*	475*	64.2[M]	54.8[M]	156	191	35	3,120	3,820	700
23	Murphy's Mart (Pa.)	634[N]	589	20.1*	18.4	119	—	—	5,786	—	—
24	Gold Circle (Ohio)	628	590	32.3[P]	39.5[P]	51	51	—	3,927	3,927	—
25	ShopKo (Wis.)	610	475	31.7**	30.6**	49	59	—	3,174	3,775	—
26	Fedco (Calif.)	540*	535*	—	—	8	8	0	675	675	0
27	Jefferson Ward (Fla.)	525*[Q]	500*	—	—	44	—	—	3,588	—	—
28	H. J. Wilson (La.)	521[R]	514	(3.3)	8.8	79[R]	—	—	2,370	—	—
29	Circuit City (Va.)	519	357	20.2	12.0	93	90	—	800	744	—
30	Alexander's (N.Y.)	517[S]	511	4.0[S]	4.6	15	15	—	3,743	3,743[I]	—
31	Jamesway (N.J.)	493	433	13.3	11.5	85	94	5	4,880	5,358	285
32	Dollar General (Ky.)	481	347	20.6	15.1	1,080	1,290	—	5,400	6,800	—
33	Consumers Distributing (N.J.)	451[T]	370[T]	(4.6)**	(0.8)**	160	170	—	403	425	—
34	Pamida (Neb.)	451	410	11.1	14.9	160	167	6	3,598	3,772	174
35	Child World (Mass.)	435	360	—	—	104	121	23	2,600	3,025	575
36	Richway (Ga.)	432	401	32.3[P]	39.5[P]	31	32	—	2,300	2,368	—
37	Heck's (W. Va.)	405	381	(6.0)**	22.4**	125	135	—	4,734	5,400	—
38	Herman's (N.J.)	368	317	14.7	12.5	115	130	15	1,173	1,326	153
39	Zodys (Calif.)	363*	455*	—	—	33	33	—	2,440	2,440	—
40	Highland (Mich.)	359	270	14.8	8.2	33	42	13	667	848	262
41	ALCO (Kan.)	351	304	4.8	8.6	126	132	—	3,780	3,960	—
42	Pep Boys (Pa.)	348	306	18.3	15.5	140	160	—	2,800	3,200	—
43	Kay Bee (Mass.)	347	281	45.2**	41.4**	533	593	50	1,865	2,075	175
44	Family Dollar (N.C.)	341	264	23.6	15.7	820	1,000	—	4,920	6,500	—
45	Burlington Coat (N.J.)	339	220	17.5	12.0	68	80	20	3,808	4,480	1,120
46	Silo (Pa.)	330*	275*	—	—	97	111	—	1,940	2,220	—
47	Howard Bros. (La.)	320	340	—	—	89	89	—	4,330	4,330	—
48	Value City (Ohio)	309*[S]	275*	27.8[S]	27.1	35	35	—	2,125	2,125	—
49	Loehmann's (N.Y.)	305*	285*	—	—	72	85	10	1,080	1,275	150
50	Oshman's (Tex.)	304	283	10.1	10.3	192	212	—	1,920	2,120	—
51	Cook United (Ohio)	300[U]	555	(25.3)	(66.9)	53	53	—	3,020	3,020	—
52	OTASCO (Okla.)	300*[L]	300*[L]	—	—	550	550	—	6,325	6,325	—
53	S.E. Nichols (N.Y.)	294	277	6.3	6.8	44	44	—	3,320	3,320	—
54	Lechmere (Mass.)	280	227	—	—	7	9	7	890	1,000	385
55	Hit or Miss (Mass.)	278*	236*	64.2[M]	54.8[M]	401	448	25	1,404	1,569	875
56	Lucky Auto Div. (Ariz.)	275*	250*	—	—	459	376	55	1,836	1,504	220
57	TSS-Seedman's (N.Y.)	275*	255*	—	—	21	21	—	1,589	1,589	—
58	Ardan (Iowa)	250*	279*	—	—	51	48	—	1,275	1,200	—
59	Clover (Pa.)	250*	205*	—	—	19	19	—	1,231	1,231	—
60	Fishers Big Wheel (Pa.)	237*	215*	—	—	73	81	8	2,774	3,078	304
61	Pic 'N Save (Calif.)	235	227	36.5	36.5	90	95	5	1,350	1,425	75
62	The Federated Group (Calif.)	230	138	11.6	6.1	42	50	19	970	1,155	439
63	Lionel Leisure (Pa.)	225[U]	198	7.2**	(7.2)**	53	60	—	1,300	1,500	—
64	Bi-Mart (Ore.)	220*	207*	—	—	33	33	—	990	990	—
65	Sam's Wholesale (Ark.)	220*	34*	—	—	11	23	15	1,034	2,162	1,410
66	Ann & Hope (R.I.)	215*	205*	—	—	6	6	—	900	900	—
67	Ross Stores (Calif.)	210	80	6.7	—	66	100	33	1,980	3,000	990
68	Syms (N.Y.)	204	179	12.7	10.3	14	16	2	561	641	80
69	Pacific Stereo (Calif.)	200*	170*	—	—	85	89	—	391	409	—
70	Filene's Basement (Mass.)	189	151	—	—	15	17	—	470	520	—
71	Gee Bee (Pa.)	179	155	12.7	9.8	21	21	—	1,659	1,659	—
72	White Stores (Tex.)	179[L]	161[L]	—	—	323	303	—	NA	NA	—
73	Makro (Ohio)	170*	162*	—	—	4	4	—	700	700	—
74	Chief Auto (Tex.)	169*	148*	—	—	296	337	—	1,095	1,247	—
75	Crazy Eddie (N.Y.)	167	134	6.3	3.0	15	22	—	106	156	—
76	Big 5 (Calif.)	165*	150*	—	—	70	89	—	700	890	—
77	Danners (Ind.)	165	143	0.2**	(0.9)	35	35	—	1,488	1,488	—
78	Fretter (Mich.)	160	116	—	—	29	36	—	406	504	—
79	Harts (Ohio)	159[DF]	146	5.1**	5.6**	27	27	—	1,302	1,302	—
80	Grand Auto (Calif.)	154	140	9.3	5.1	84	115	—	756	1,035	—
81	Nationwise (Ohio)	150*	92*	—	—	140	165	—	1,330	1,568	—
82	Warehouse Club (Ill.)	150*	15*	—	—	5	10	—	450	900	—
83	L. Luria & Son (Fla.)	149	145	NA[V]	6.8	35	38	3	350	380	30
84	W. Bell (Md.)	146	138	NA[V]	2.6	18	21	—	180	210	—
85	Rich's (Mass.)	143	130	—	—	16	17	2	1,000	1,100	125
86	United Jewelers (Tex.)	139[F]	142	10.7**	14.9**	57	62	5	727	790	63
87	Quality Stores (Mich.)	138*	134*	—	—	39	39	—	801	801	—
88	Designer Depot (Mich.)	128*	NA	—	—	52	72	—	1,508	2,088	—
89	Jewelcor (Pa.)	128	129	6.5**	7.5**	25	25	—	438	438	—
90	Prange Way (Wis.)	128	120	—	—	20	20	1	1,265	1,265	85
91	Chaffin (Kan.)	125	100	—	—	32	33	0	860	950	—
92	Value Club (Tex.)	125*	120*	—	—	5	6	—	450	540	—
93	Sportmart (Ill.)	123*	90*	—	—	11	12	—	330	360	—
94	Smitty's (Ariz.)	120*	115*	—	—	20	20	—	1,600	1,600	—
95	Sky City (N.C.)	118*	115*	—	—	73	73	—	2,555	2,555	—
96	Newmark & Lewis (N.Y.)	112	87	2.5	1.3	25	27	—	250	270	—
97	Modell's (N.Y.)	110*	107*	—	—	6	6	—	675	675	—
98	Sunset Sports (Utah)	110*	100*	—	—	36	40	—	540	600	—
99	McDade & Co. (Ill.)	105*	102*	—	—	7	8	—	280	320	—
100	Costco (Wash.)	102*[W]	0	—	—	12	21	—	1,140	1,995	—

*DSN estimate.

**Operating income.

N.A.—Not available.

[A] Includes U.S. & Canadian K marts; earnings for retail operations.

[B] Includes 33 Gaylords acquired 5/85.

[C] Includes H. J. Wilson & Ellman's chains bought 5/85.

[D] Excludes leased departments.

[E] Includes 18 Jefferson Ward stores.

[F] For fiscal year ended 8/84.

[G] Includes 30 Grand Central stores @ 63,156 net sq. ft. of selling space each.

[H] Acquired by K mart 3/85.

[I] Gross square footage.

[J] Includes $34 million from sale of 53 variety stores.

[K] Includes acquisition of G. C. Murphy chain.

[L] Includes sales from company-owned stores and wholesale sales to franchisees; square footage reflects company-owned stores only.

[M] Operating income for Zayre's specialty store division.

[N] Acquired by Ames 6/85.

[P] Operating income for Federated Dept. Stores' mass merchandising division.

[Q] Being sold by parent Montgomery Ward at presstime.

[R] Acquired by Service Merchandise 6/85.

[S] For fiscal year ended 7/84.

[T] U.S. stores only; in Canadian dollars.

[U] Operating under Chapter 11.

[V] Fiscal year ended 6/85; earnings figures not available.

[W] First full year operation; fiscal year ends 9/84.

Source: DSN Research

Discount Dept. Stores on Way to $81B-Plus in 1985

Year	Total Sales in Billions	Total Stores	Net Gain (Loss) of Stores	Total Sq. Ft. In Millions	Dollars Per Sq. Ft.	Avg. Sales Per Store in Millions	Avg. Store Size in Thousands Sq. Ft.
1985	$81.20*	8,161	52	606	$134.68*	$9.95*	74.25
1984	79.20*	8,109	(108)	604	131.19*	9.76*	74.44
1983	73.30*	8,217	(65)	579	126.51*	8.92*	70.51
1982	66.60*	8,282	118	584	114.05*	8.04*	70.50
1981	66.60	8,164	428	576	115.58	8.15	70.58
1980	60.50	7,736	470	546	110.79	7.82	70.60
1979	55.00	7,266	375	513	107.15	7.57	70.60
1978	50.00	6,891	353	490	101.95	7.26	71.11
1977	47.00	6,538	396	468	100.00	7.19	71.58
1976	44.00	6,142	606	442	99.00	7.16	71.96
1975	38.00	5,536	126	399	95.00	6.86	72.07
1974 (a)	34.40	5,410	448	389	88.00	6.40	71.90
1973	31.50	4,962	248	350	88.32	6.27	70.54
1972	28.15	4,720	376	344	81.83	5.96	72.88
1971	25.60	4,344	333	306	83.66	5.89	70.44
1970	22.50	4,011	398	276	81.52	5.61	68.81
1969	18.44	3,613	306	244	75.57	5.10	67.53
1968	16.35	3,307	302	222	73.64	4.94	67.13
1967	13.61	3,005	321	199	68.39	4.53	66.22
1966	11.51	2,684	236	171	67.30	4.29	63.71
1965	9.82	2,448	219	151	65.00	4.01	61.68
1964	8.46	2,229	60	136	62.20	3.79	61.01
1963	7.51	2,169	144	122	61.55	3.46	56.25
1962	6.00	2,025	—	107	56.00	2.96	52.84

*Doesn't include sales from discounter supermarkets. (a) Reflects 18-month period ended Dec. 31, 1974.

(Source DSN Research)

Nationwide DSN Report

Sales from discount department stores will cross the $81 billion mark by the end of this year—a modest 2.5% net increase over last year.

Flagging consumer willingness to spend, mostly in the face of the upward spiraling deficit, will temper discounters' business through the end of this year. Consumer confidence in the economy through the spring months was running lower than in the opening months of the year, according to figures released by The Conference Board, a New York research firm.

This slower but steady rate of growth is reflected in new-store openings which will show a net gain of 55 units by the end of this year. This gain comes mostly as the result of the ambitious store opening plans announced by Wal-Mart (115 units by year's end) and the more modest but steady growth plans of regional chains like ShopKo (10), Jamesway (9), Heck's (10) and Roses (12).

In 1984, the industry posted a net loss of 108 units following a series of store closings by chains around the country: Cook United (including its acquired Rink's stores), T.G. & Y., Zodys, Howard Bros., Maloney's, Matco and King's.

Sales per store for the period will increase to $9.95 million and sales per square foot will advance to $134.68 from $131.19 in calendar 1984.

It's a Throwback

After almost steadily declining growth in store size over much of the last 10 years, discounters began committing to larger selling spaces two years ago, primarily as the result of taking over larger existing stores rather than moving into new construction.

In merchandising, boys' men's wear and domestics lead the soft lines categories in volume gains. By the end of 1985, each area is projected to show a 6% advance over volume recorded last year. Boys'/men's wear sales will hit $8.7 billion; domestics will total $3.4 billion.

On the hard lines side of the store, toys and housewares will lead the way with 5% advances over 1984: Toys will account for $4.3 billion of the discount department stores' total volume; housewares will top $6.6 billion.

Women's wear continues to be the largest volume producing department in the store, producing $15 billion in sales this year. Sales per square foot in the area total $184, up from $176 a year ago.

The top gross volume-producing categories on a square-foot basis continue to be on the hard lines side of the store with photo/camera the leader with $599.

Personal care electrics ranks second with $444 in average per-square-foot sales.

Elsewhere in the store, stationery continues to gain increasing importance in discounters' merchandising plans as chains build home-office sales to take some of the seasonal pressure out of a once heavily back-to-school-dependent category.

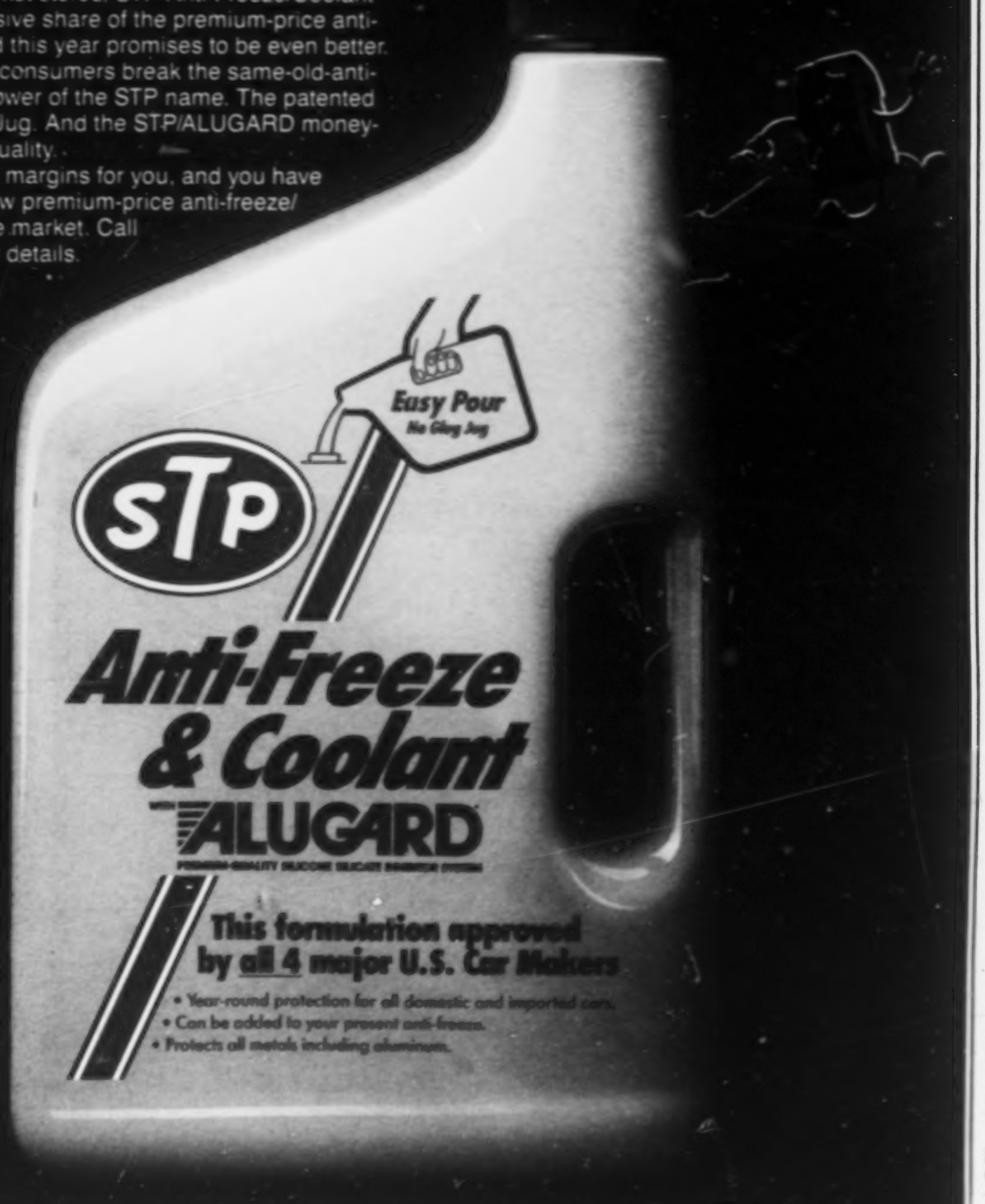
Jewelry, too, continues to gather momentum, buoyed by changing fashion trends that favor large, flashy—and fairly inexpensively priced—costume jewelry accessories.

Why STP Anti-Freeze has you-know-who running scared:

Last year in test-market stores, STP Anti-Freeze/Coolant achieved an impressive share of the premium-price anti-freeze category. And this year promises to be even better.

Why did so many consumers break the same-old-anti-freeze habit? The power of the STP name. The patented easy-pour No-Glug Jug. And the STP/ALUGARD money-back guarantee of quality.

Add to that higher margins for you, and you have the most exciting new premium-price anti-freeze/coolant brand on the market. Call 1-800-ALUGARD for details.


Easy Pour
No Glug Jug
STP
Anti-Freeze & Coolant
with ALUGARD
This formulation approved by all 4 major U.S. Car Makers
• Year-round protection for all domestic and imported cars.
• Can be added to your present anti-freeze.
• Protects all metals including aluminum.

Depend on STP proven performance. STP

STP Corporation, Boca Raton, Florida 33431

Discount Department Stores by Region

Southeast Is Still Home to Most Units

Region	Proj. No. Stores All Discounters 12/85	% of Total	Proj. Net Selling Sq. Footage All Discounters (add 000) 12/85	% of Total
SOUTHEAST Ala., Fla., Ga., Ky., Miss., N.C., S.C., Tenn., Va., W. Va.	4,751	20.5	174,875	21.6
EAST CENTRAL Ill., Ind., Mich., Ohio., Wis.	3,591	15.5	141,032	17.5
SOUTHWEST Ariz., Ark., La., N.M., Okla., Tex.	3,215	13.9	115,914	14.3
MIDDLE ATLANTIC D.C., Del., Md., N.J., N.Y., Pa.	3,839	16.6	129,387	16.0
WEST CENTRAL Iowa, Kan., Minn., Mo., Neb., N.D., S.D.	1,956	8.5	74,356	9.2
PACIFIC Alaska, Calif., Hawaii, Ore., Wash.	2,298	9.9	75,462	9.3
NEW ENGLAND Conn., Me., Mass., N.H., R.I., Vt.	2,367	10.2	67,468	8.3
MOUNTAIN Colo., Idaho, Mont., Nev., Utah, Wyo.	1,116	4.8	29,911	3.7
TOTAL	23,133	100.0	808,405	100.0

Source: DSN research

Nationwide DSN Report

The 10-state Southeast region continues to be home to the greatest number of discount department stores and specialty discounters, and the most such retailer footage.

That region, together with the runners-up Middle Atlantic and East Central areas, each of which covers five industrial-oriented states, account for 52.6% of the total number of stores and 55.1% of the total footage for discounters, catalogers, off-pricers and specialty toy, sporting goods, auto and consumer electronic chains.

The 20 states in these three regional markets contain more than half of the nation's top 50 metro markets, areas that retailers prefer to locate stores in because of the dense population and greater sales potential.

Raw population figures aren't the only factors that determine where retailers will spot their stores. Another key factor is population and economic trends—which regions are growing and which are stagnant.

Outside of the top three areas, the only region that showed a percentage increase in stores was New England. This long dormant region, over the past few years, has seen a growth in population and economic activity as shut factories have been replaced by new high-tech businesses, such as computers and bio-chemical research and manufacture.

Different Emphasis

While all the regions have shown a growth in gross number of stores, in percentage terms the Southwest, West Central and Pacific are down slightly, the Middle Atlantic and Mountain States showed no change and the others are up slightly.

These changes reflect a number of diverse factors. Retailers are becoming cautious about opening stores in the economically troubled Sunbelt Southwest and farmbelt West Central regions; fewer sites are available as states and local communities act to slow down the conversion of farm, factory and residential areas to retail use, and companies try to cluster their stores in prime markets to obtain a headlock on sales before competitors can open units.

Folding Shopping Carts

"ENGINEERED TO LAST"

- Front, rear and bottom body panels have welded unit construction for greater strength.
- Rigid double brace corners and reinforcing bars insure against bent basket.
- 5/8" welded seamless handle and solid steel 3/8" axle.
- Five models to choose from . . . immediate delivery from stock.

NICKLE CHROME PLATED
AND
LACQUER DIPPED
FOR EXTENDED USE

All Models are individually boxed with a UPC symbol on the label. A large illustration of a Shopping Cart appears on the face of each box . . . excellent for display purposes.

– FREIGHT PREPAID –

PARKER METAL CORPORATION
P.O. BOX 128, WORCESTER, MA 01613 / (617) 791-7131

More Choices From Canon. More Chances For Profit.

Canon is the World's Leader in 35mm Photography, offering more camera models, in more types, styles and price ranges than ever before. For example our new Snappy S offers your customers 35mm quality at snapshot prices. And our new Sprint offers your customers exciting close-ups as near as 18 inches from the camera.

Canon is also the most heavily advertised 35mm line, with constant exposure on prime-time television and full-page, full color advertising in major consumer magazines like *PEOPLE, LIFE* and *SPORTS ILLUSTRATED.* These power-packed advertisements are bringing the Canon message to millions of your customers right now.

So if you want more chances for profit, offer more choices from Canon. It's the brand your customers ask for.

SLR CAMERAS

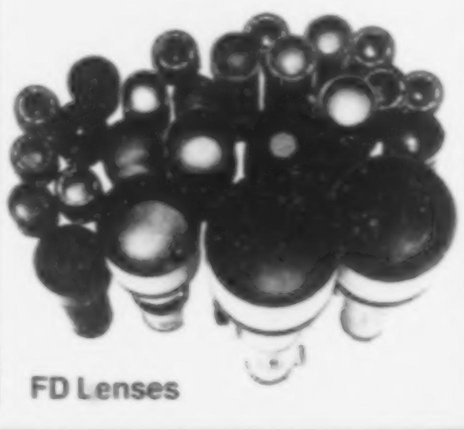
Canon T80

Canon T70

Canon A-1

Canon AE-1 PROGRAM

Canon T50



FD Lenses

Canon automatic SLR cameras are designed for every type of photographer. They make camera handling push-button simple, so you can concentrate on your subject, not camera controls.

For example, our new T80 gives your customers a choice of the type of picture they want before they take it—action photos and portraits are easier than ever. And even focusing is automatic. For more serious photographers, the Canon T70 answers every demand, or makes photography focus-and-shoot simple. The economical Canon T50 is perfect for people who want the advantages of SLR cameras like interchangeable lenses, plus the simplicity of a snapshot camera.

Canon's popular "A" Series cameras have proven themselves over years of use. The A-1 is the camera that provides six different exposure modes to answer any photographic challenge. And the AE-1 PROGRAM is the world's most popular SLR camera. It gives your customers the convenience of programmed automation plus the sophistication of shutter-priority operation.

And Canon SLR cameras use more than 50 interchangeable Canon FD and AC (for T80 only) lenses, as well as accessories like Canon Speedlites and Data Backs. You just can't outgrow a Canon SLR camera.

LENS-SHUTTER CAMERAS

Canon MC

Canon Sure Shot

NEW

Canon Sprint

NEW

Canon Snappy S

For snapshooters, Canon lens-shutter cameras offer all the great features that make 35mm photography simple.

Canon MC cameras are ultra lightweight and compact, they fit in a pocket or small purse easily. The MC features automatic focusing and the economical MC-10 has a fixed focus lens. Both are supplied with the detachable MC-S Snap-On Flash.

Canon's three Sure Shot models are the world's most popular 35mm lens-shutter cameras. All of them feature automatic focusing and a built-in flash. The Super Sure Shot has an extra-fast f1.9 lens and the Sure Shot Quartz Date records dates or times right on your customers' pictures!

The new Canon Sprint brings great pictures a step closer. In fact, its autofocus lens permits close-ups as near as 18 inches from the camera. And the new Snappy S is the quality 35mm camera anyone can afford, and available in a choice of four colors!

Only Canon, the world's leader in 35mm photography, can offer so many choices. Once your customers try a Canon camera they'll never settle for less.

Canon
SAMMY DAVIS JR.
GREATER HARTFORD OPEN

Come see the Canon Sammy Davis, Jr Greater Hartford Open July 25–28, or watch it on CBS Television

Canon®

Canon USA, Inc., One Canon Plaza, Lake Success, NY 11042 / 140 Industrial Dr., Elmhurst, IL 60126 / 6380 Peachtree Industrial Blvd., Norcross, GA 30071 2035 Royal Lane, Suite 290, Dallas, TX 75229 / 123 Paularino Ave. East, Costa Mesa, CA 92626 / 4000 Burton Dr., Santa Clara, CA 95050 / Bldg. B-2, 1050 Ala Moana Blvd., Honolulu, HI 96814 / Canon Canada, Inc., Ontario

© 1985 Canon U.S.A., Inc.

CENSUS '85/'86

Large Sizes Mark Discounter Unit Gains

Gross Square Footage	Projected Dec. 31, 1985		As of Dec. 31, 1984		% Change in No. of Stores Projected 1985 vs. 1984
	No. of Stores	% of Total	No. of Stores	% of Total	
10,000 to 19,999	619	6.8	622	7.7	−4.8
20,000 to 29,999	531	6.5	535	6.6	−7.5
30,000 to 39,999	634	7.8	631	7.8	+0.5
40,000 to 49,999	1,044	12.8	1,035	12.8	+0.9
50,000 to 59,999	761	9.3	748	9.2	+1.7
60,000 to 69,999	884	10.8	881	10.9	+0.3
70,000 to 79,000	614	7.5	613	7.6	+0.2
80,000 to 89,999	880	10.8	873	10.8	+0.8
90,000 to 99,999	340	4.2	314	3.9	+8.3
100,000 to 119,999	1,347	16.5	1,342	16.5	+0.4
120,000 to 139,999	185	2.3	185	2.3	NC
140,000 to 149,000	53	0.6	57	0.7	−7.0
150,000 to 199,999	189	2.3	191	2.4	−1.0
200,000 and larger	80	1.0	82	1.0	−2.4
TOTAL	8,161	100.0	8,109	100.0	+0.6

NC = No change.

Source: *DSN* Research

Nationwide DSN Report

Discounting's growth is squarely centered on chains opening big stores.

Larger locations, from 90,000 to 100,000 sq. ft., will account for the lion's share of a 52-unit net gain in discount department stores this year. The increase will bring the industry total to 8,161 stores in operation, not even a 1% gain from last year's 8,109.

Leading chains like K mart, Bradlees, Target and Caldor will all be opening most of their new stores in major metro, urban markets, which require the larger units. In addition, any recycling of older units would also be of the larger variety.

The continued move to the larger stores will help the 90,000-100,000-sq.-ft. classification become the leading segment in terms of unit growth this year.

The segment will be up over 8%, a 26-unit increase. Several other units will be opened in the 100,000-120,000-sq.-ft. segment, buttressing this classification's industry-leading store size share, now accounting for 16.5% with over 1,300 units.

In stark contrast, both extremes of the store size spectrum are continuing to shrink. Smaller stores, ranging in size from 10,000 sq. ft. to 30,000 sq. ft., are experiencing the most severe dropoff, losing a total of seven units. This follows the trend of the past few years of many mass retailers pulling out of smaller, less profitable locations. Last year, this segment lost a total of 36 stores, with a 20 store dropoff in the 20,000-30,000-sq.-ft. classification alone.

Size Varies

Smaller units have indeed fallen by the wayside in favor of stores over 60,000 sq. ft. Large-unit retailers continue to focus on larger stores in more urban locales.

In fact, over 56% of the industry's stores are now over 60,000 sq. ft.

But most mass retailers are not looking at the super-size stores, either. Stores ranging from 120,000 sq. ft. to 200,000 sq. ft. and larger saw virtually no growth and in most segments, showed a slight downtrend.

Stores ranging in size from 140,000 sq. ft. to 149,000 sq. ft. are showing the greatest decline, losing four units, to 189. Stores 120,000 sq. ft. to 139,000 sq. ft. are holding at 185.

Other than the 90,000-100,000-sq.-ft. classification, most remaining store size segments will remain relatively stable. In fact, many mass retailers agree the industry has become corpulently overstored, with vacant units in virtually every major market in the country.

In addition, many chains feel it's easier and much more cost-efficient to acquire an operating concern—i.e., Zayre acquiring Gaylords and the recent purchase of Jefferson Ward's northern stores by Bradlees—than to begin ground-up construction.

Most of the store size segments reflect this frugal posture. Stores ranging from 80,000 sq. ft. to 90,000 sq. ft. will show a seven-unit increase.

Midsize units, ranging from 50,000 sq. ft. to 60,000 sq. ft. will also show a modest gain, increasing from 748 in 1984 to 761 this year, almost a 2% rise.

INDEX
Spell·Right I™
The best way to outsell the competition is to outspell it.

You're in for a hot spell.

Introducing Smith Corona's revolutionary SE 200. The first portable with the optional Spell-Right I™ electronic dictionary that checks your spelling against 35,000 of the most commonly used words.

Two beeps tell you when you've misspelled a word. The Find key finds it. And a touch of the WordEraser™ key lifts off the wrong word while you're typing in the right one.

It's fast, it's easy. It's a complete correction system with loads of features that let your customers type word-perfect pages, every time.

The SE 200 is also computer friendly: hook it up with your optional module and you've got a letter-quality printer.

But the most amazing feature is its affordable price. And that spells big profits for you.

Better stock up on the SE 200. Because the first portable that helps your customers spell right will help you sell right, too.

The Smith Corona SE 200. Made in the USA.

SMITH CORONA™
WE'RE WRITING THE FUTURE.

For more information on this product, write to Smith Corona, 65 Locust Avenue, New Canaan, CT 06840. Smith Corona is an operating group of SCM Corporation.

CENSUS '85/'86

Discount Industry by Metro Market

Top Metro Markets	Proj. 1985 No. Stores All Discounters	Proj. 1985 No. Disc. Department Stores Only	Proj. 1985 Sq. Footage All Discounters (add 000)	Proj. 1985 Sq. Footage Disc. Dept. Stores Only (Add 000)	Proj. 1985 Total Sales All Discounters (millions)	Proj. 1985 Discount Dept. Store Sales Only (millions)	Population*	Density (Sq. Ft. Per Person) All Discounters	No. of Households*	Median Effective Buying Income Per Household*
New York	310	71	9,018	5,285	$1,352	$ 707	8,391,100	1.08	3,312,100	$24,354
Los Angeles	331	103	11,053	7,667	1,619	1,025	7,908,900	1.40	2,884,200	27,897
Chicago	394	147	15,026	10,943	2,147	1,463	6,056,900	2.50	2,203,600	30,695
Philadelphia	292	111	11,242	8,263	1,602	1,105	4,770,000	2.36	1,733,800	28,146
Detroit	271	71	8,214	5,285	1,222	707	4,359,400	1.88	1,576,700	29,170
Boston	345	109	11,638	8,114	1,685	1,085	3,678,400	3.16	1,357,500	31,626
District of Columbia	276	51	7,478	3,796	1,119	508	3,425,900	2.18	1,261,600	36,002
Houston	285	80	9,359	5,955	1,391	796	3,176,800	2.95	1,141,600	31,012
Nassau-Suffolk, N.Y.	242	44	6,636	3,275	1,000	438	2,686,300	2.47	862,300	41,279
St. Louis	223	72	7,410	5,360	1,087	716	2,398,900	3.09	866,400	28,404
Atlanta	255	55	7,015	4,094	1,060	547	2,392,800	2.93	870,000	28,610
Baltimore	231	48	6,037	3,573	931	478	2,265,400	2.66	815,400	26,967
Dallas	248	48	6,402	3,573	979	478	2,238,400	2.86	825,800	29,821
Minneapolis-St. Paul	221	43	5,550	3,201	854	428	2,218,000	2.50	827,700	32,698
Pittsburgh	204	76	7,533	5,657	1,084	756	2,175,000	3.46	839,400	25,779
Anaheim-Santa Ana	135	47	4,685	3,499	683	468	2,103,600	2.23	749,300	35,901
San Diego	137	35	4,006	2,605	603	348	2,085,300	1.92	766,500	27,128
Oakland	125	39	4,447	2,903	728	388	1,875,800	2.37	726,300	32,005
Newark	175	30	4,403	2,233	677	299	1,868,400	2.36	668,900	33,741
Cleveland	217	148	6,462	4,466	966	597	1,859,100	3.48	707,000	26,917
Tampa-St. Petersburg-Clearwater	178	46	5,414	3,424	807	458	1,837,400	2.95	763,200	21,561
Riverside-San Bernardino	117	43	4,183	3,201	607	428	1,825,400	2.29	651,700	25,442
Miami-Hialeah	197	32	4,726	2,382	728	318	1,755,900	2.69	651,000	23,179
Phoenix	173	35	4,562	2,605	696	348	1,736,000	2.63	669,100	25,153
Seattle	231	56	6,504	4,169	985	557	1,699,900	3.83	676,300	30,639
Denver	205	34	4,871	2,531	758	338	1,608,600	3.03	638,300	29,984
San Francisco	100	22	2,860	1,638	434	219	1,526,300	1.87	638,100	31,439
Kansas City, Mo.	129	38	4,191	2,829	613	378	1,473,100	2.85	552,000	29,826
Cincinnati	139	49	4,900	3,648	719	488	1,403,500	3.49	519,000	26,864
Milwaukee	157	33	4,152	2,457	638	328	1,390,900	2.99	523,100	29,020
San Jose	112	37	4,002	2,754	576	368	1,377,500	2.91	501,900	37,776
New Orleans	173	31	4,262	2,308	661	309	1,337,900	3.19	487,500	24,041
Columbus, Ohio	134	41	4,413	3,052	662	408	1,281,200	3.44	483,900	25,405
Bergen-Passaic	180	16	3,442	1,191	559	159	1,281,100	2.69	470,100	36,140
Norfolk	147	33	4,028	2,457	609	328	1,260,900	3.19	420,800	25,496
Sacramento	91	33	3,385	2,457	486	328	1,242,400	2.72	486,100	25,768
Indianapolis	158	46	4,912	3,424	730	458	1,198,700	4.10	436,400	27,154
San Antonio	136	38	4,257	2,829	629	378	1,190,700	3.58	394,900	24,521
Fort Lauderdale-Hollywood	140	31	3,815	2,308	572	309	1,142,000	3.34	478,300	25,411
Fort Worth-Arlington	135	36	4,107	2,680	609	358	1,141,000	3.60	413,400	29,720
Portland, Ore.	186	50	5,410	3,722	814	498	1,140,600	4.74	445,000	26,264
Hartford	178	54	5,569	4,020	833	537	1,060,700	5.25	387,800	33,599
Salt Lake City-Ogden	113	29	3,245	2,159	485	289	1,032,700	3.14	334,300	25,768
Charlotte-Gastonia-Rockhill	143	20	3,253	1,489	514	199	1,031,600	3.15	376,600	25,356
Rochester, N.Y.	99	25	3,194	1,861	467	249	998,200	3.20	362,800	30,404
Buffalo	112	37	4,714	2,754	593	368	990,200	4.76	364,600	26,389
Oklahoma City	115	48	4,556	3,573	653	478	971,800	4.69	369,700	26,329
Louisville	128	31	3,632	2,308	546	309	968,500	3.75	353,200	25,648
Monmouth-Ocean	97	32	3,231	2,382	481	318	932,200	3.47	347,200	32,393
Memphis	127	26	3,358	1,935	508	259	927,200	3.62	325,800	22,897

**From 1985* Sales & Marketing Management Survey of Buying Power.

Source: DSN *Research*

Discount Industry Breakdown by State

States	Proj. 1985 No. Stores All Discounters	Proj. 1985 No. Discount Department Stores Only	Proj. 1985 Sq. Footage All Discounters (add 000)	Proj. 1985 Sq. Footage Discount Department Stores Only (add 000)	Density (Square Foot Per Person) All Discounters	Proj. 1985 Total Sales All Discounters* (millions)	Proj. 1985 Discount Department Store Sales Only* (millions)	Total Retail Sales** (add 000)	Total Discount Sales As % of Total Retail Sales
Alabama	370	187	16,451	13,920	4.07	$2,291	$1,861	$ 16,958,447	13.5
Alaska	37	5	700	372	1.34	123	50	4,173.888	2.9
Arizona	371	95	10,588	7,072	3.40	1,543	945	17,052,047	9.0
Arkansas	375	214	17,956	15,930	7.55	2,477	2,129	10,484,427	23.6
California	1,438	471	50,611	35,061	1.96	7,162	4,687	153,627,397	4.7
Colorado	384	107	11,283	7,965	3.49	1,674	1,065	20,340,451	8.2
Connecticut	519	166	16,887	12,357	5.36	2.427	1,652	19,765,151	12.3
Delaware	221	33	4,719	2,457	7.67	727	328	3,881,576	18.7
D.C.	133	3	1,658	223	2.68	762	30	3,023,586	25.2
Florida	874	288	30,570	21,439	2.73	4,309	2,866	69,550,635	6.2
Georgia	531	187	19,071	13,920	3.24	2,690	1,861	30,396,730	8.8
Hawaii	57	16	1,661	1,191	1.58	244	159	6,363,480	3.8
Idaho	174	25	3,486	1,861	3.43	545	249	4,502,743	12.1
Illinois	807	336	31,838	25,012	2.76	4,483	3,343	58,872,067	7.6
Indiana	636	278	25,606	20,694	4.61	3,585	2,766	30,095,111	11.9
Iowa	224	138	11,712	10,273	3.98	1,593	1,373	14,637,875	10.9
Kansas	231	143	12,093	10,655	4.94	1,657	1,423	13,300,693	12.5
Kentucky	441	179	16,662	13,324	4.42	2,350	1,781	17,318,340	13.6
Louisiana	529	177	18,146	13,176	4.03	2,579	1,761	22,920,257	11.3
Maine	235	48	5,880	3,573	5.04	873	478	6,508,830	13.4
Maryland	483	130	14,512	9,677	3.31	2,109	1,294	27,093,063	7.8
Massachusetts	916	264	27,960	19,652	4.81	4,050	2,627	38,556,664	10.5
Michigan	626	270	25,143	20,099	2.74	3,517	2,687	46,783,106	7.5
Minnesota	457	138	14,181	10,273	3.39	2,049	1,373	25,127,747	8.2
Mississippi	327	130	12,108	9,677	4.61	1,714	1,294	11,093,694	15.5
Missouri	492	212	19,420	15,781	3.85	2,720	2,109	28,597,639	9.5
Montana	116	21	2,769	1,563	3.33	417	209	4,418,629	9.4
Nebraska	193	93	8,106	6,923	5.01	1,130	925	8,359,958	13.5
Nevada	171	28	3,899	2,084	4.24	585	279	6,655,990	8.8
New Hampshire	217	68	7,001	5,062	7.13	1,005	677	6,858,011	14.7
New Jersey	822	205	23,636	15,260	3.13	3,443	2,040	44,013,608	7.8
New Mexico	250	81	8,244	6,030	5.68	1,180	806	7,541,846	15.6
New York	1,280	423	44,500	31,488	2.48	6,310	4,209	89,498,386	7.1
North Carolina	517	209	20,360	15,558	3.28	2,841	2,080	32,016,659	8.9
North Dakota	179	36	4,259	2,680	6.15	644	358	4,008,505	16.1
Ohio	1,070	503	44,940	37,443	4.16	6,265	5,005	54,967,153	11.4
Oklahoma	395	143	13,800	10,645	4.12	1,964	1,423	18,626,068	10.5
Oregon	327	108	10,589	8,040	3.93	1,526	1,075	14,267,550	10.7
Pennsylvania	900	438	40,362	32,605	3.37	5,555	4,358	60,483,693	9.2
Rhode Island	250	39	5,365	2,903	5.57	820	388	5,124,419	16.0
South Carolina	359	127	12,592	9,454	3.75	1,788	1,264	15,484,516	11.5
South Dakota	180	41	4,585	3,052	6.42	681	408	3,572,251	19.1
Tennessee	494	205	19,314	15,260	4.06	2,696	2,040	24,575,587	11.0
Texas	1,295	534	47,207	39,751	2.92	7,205	5,313	94,797,004	7.6
Utah	141	48	4,753	3,573	2.83	679	478	7,420,731	9.2
Vermont	230	29	4,374	2,159	8.20	766	289	3,291,037	23.3
Virginia	568	206	20,334	15,335	3.57	2,862	2,048	30,045,655	9.5
Washington	439	105	11,901	7,816	2.71	1,745	1,045	23,727,079	7.4
West Virginia	270	63	7,213	4,690	3.66	1,066	627	8,652,497	12.3
Wisconsin	452	133	13,505	9,901	2.82	1,967	1,323	23,547,406	8.4
Wyoming	130	35	3,721	2,605	7.22	544	348	3,429,833	15.9

*DSN *estimate based on average per-store sales projected for the calendar year.*

***Total retail sales taken from the 1985* Sales & Marketing Management Survey of Buying Power.

Sales and Size of the Top 25 Specialty Chains

Rank	Chain	Sales (millions) Fiscal 1984	Sales (millions) Fiscal 1983	No. Units 1/85	No. Units 1/86	Net Sales Space Sq. Ft. (add 000) 1/85	Net Sales Space Sq. Ft. (add 000) 1/86
1	Toys "R" Us (N.J.)	$1,701	$1,320	198	233	4,950	5,825
2	Marshalls (Mass.)	1,190	1,061	209	224	6,270	6,720
3	Western Auto (Mo.)	698^A	560^A	2,590	N.A.	1,512	N.A.
4	T. J. Maxx (Mass.)	649*	475*	156	191	3,120	3,820
5	Circuit City (Va.)	519	357	93	90	800	774
6	Child World (Mass.)	435	360	104	121	2,600	3,025
7	Herman's (N.J.)	368	317	115	130	1,173	1,326
8	Highland (Mich.)	359	270	33	42	667	848
9	Pep Boys (Pa.)	348	306	140	160	2,800	3,200
10	Kay Bee (Mass.)	347	281	533	593	1,865	2,075
11	Burlington Coat (N.J.)	339	220	68	80	3,808	4,480
12	Silo (Pa.)	330*	275*	97	111	1,940	2,220
13	Loehmann's (N.Y.)	305*	285*	72	85	1,080	1,275
14	Oshman's (Tex)	304	283	192	212	1,920	2,120
15	OTASCO (Okla.)	300*^A	300*^A	550	550	6,325	6,325
16	Hit or Miss (Mass.)	278*	236*	401	448	1,404	1,569
17	Lucky Automotive Div. (Ariz.)	275*	250*	459	376	1,836	1,504
18	The Federated Group (Calif.)	230	138	42	50	970	1,155
19	Lionel Leisure (Pa.)	225^B	198	53	60	1,300	1,500
20	Ross Stores (Calif.)	210	80	66	100	1,980	3,000
21	Syms (N.Y.)	204	179	14	16	561	641
22	Pacific Stereo (Calif.)	200*	170*	85	89	391	409
23	Filene's Basement (Mass.)	189	151	15	17	470	520
24	White Stores (Tex.)	179^A*	161^A*	344	323	N.A.	N.A.
25	Chief Auto (Tex.)	169*	148*	296	337	1,095	1,247

*DSN estimate. N.A. = Not available. ^A Includes sales from company-owned stores and wholesale sales to franchisees. ^B Operating under Chapter 11.

Source: DSN research

Hot Specialty Chains Set More Expansion

Nationwide DSN Report

Specialty retailers will continue their boom—climbing over the $26 billion sales level this year.

The reigning giants of four merchandise segments—Toys "R" Us, Marshalls, Circuit City and Herman's—all experienced strong growth last year and are expected to expand their respective domains in 1985.

The largest specialty segment, off-price apparel, is projected to reach $9.3 billion in sales this year but its 8% sales gain, from $8.6 billion last year, is indicative of problems on the horizon.

Smaller chains and independents are being squeezed out of the apparel picture due to two different factors: On the one hand, conventional and discount department stores have sharpened their prices and become more competitive. On the other hand, off-pricers that have a firm fix on their market niche and the financial strength to support their merchandising have left little room for poorly run and under-financed chains to operate.

The result is that the bigger and better managed chains are continuing to grow and expand.

The two largest apparel specialty chains, Marshalls and Zayre Corp.'s T. J. Maxx, Nos.2 and 4 on the chart, will open a total of 60 stores this year.

Zayre's financing will enable its other off-pricer, Hit or Miss, No. 16, to unveil 47 stores, while Ross Stores, No. 20, will grow by 34 units.

Despite the problems looming for off-pricers, the gigantic volume of the apparel-specialty field and the wide range of goods that such a retailer can merchandise—from a full line of family clothes to a pinpoint niche like just athletic footwear—provide for lots of markets for a company.

However, this isn't the case in the other specialty merchandising areas. Companies that have managed to carve out a large chunk of business for themselves are those that are most likely to continue to succeed.

In fact, in the nonapparel specialty business, the trend is mostly that of the big getting bigger.

In the $5 billion consumer electronics specialty chain field, the leader, Circuit City, No. 5 on the chart, is focusing all its efforts on broadly merchandised stores and will open about 20 such units, while completing the phasing out of 31 leased sections in Zodys discount stores.

More Stores

Projected unit growth of the other top players in the CE field include Highland, going up nine stores; Silo, due for a 14-unit gain; The Federated Group, opening eight, and Pacific Stereo, four more.

The $1.6 billion sales generated by these four companies account for over 30% of the CE specialty field's volume.

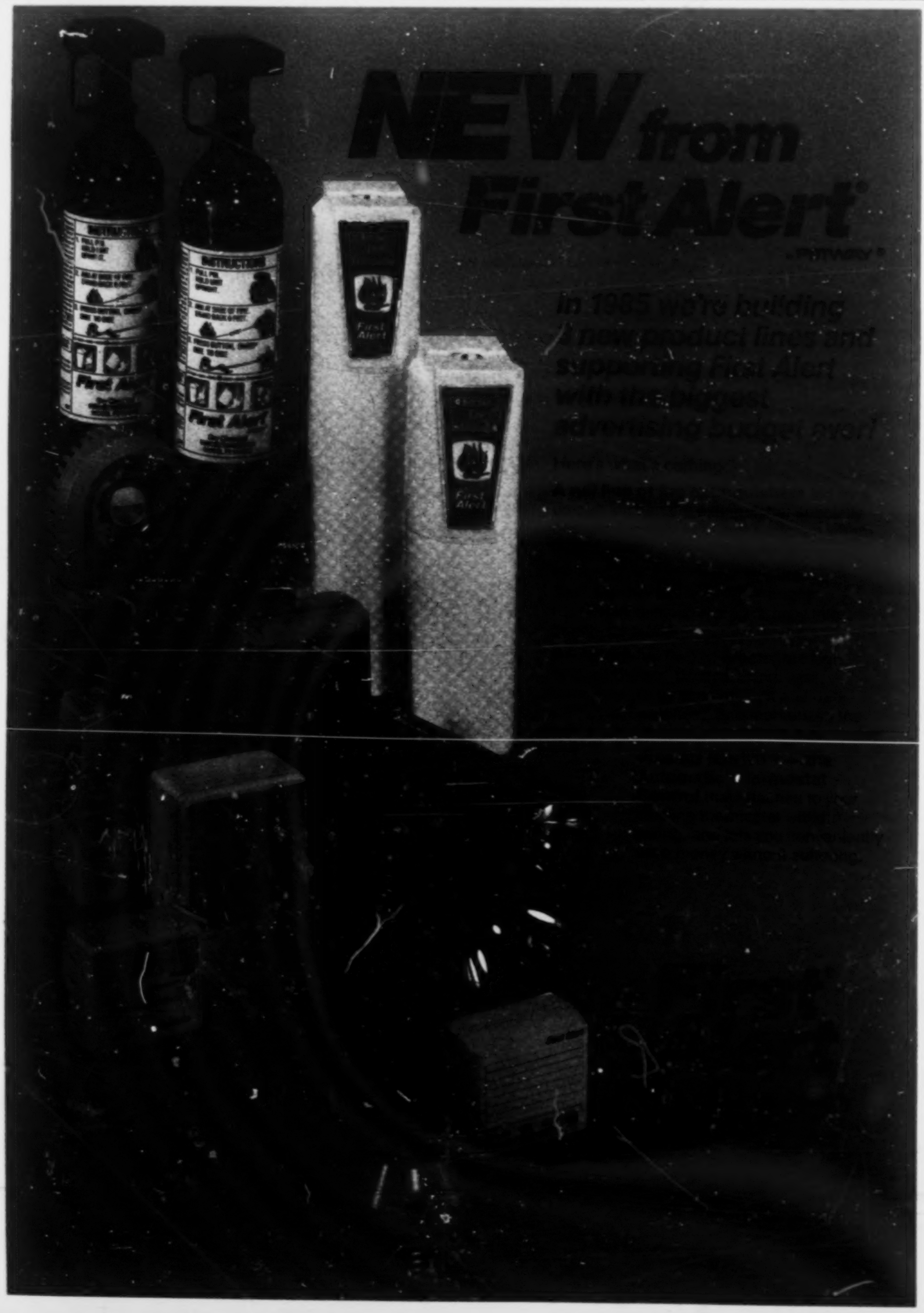
In the $3.7 billion auto specialty area, most of the leading chains are limiting their unit growth to focus on priming sales. Pep Boys, No. 9 on the chart, is due to add 20, while Chief Auto, No. 25, will open 41.

The six chains that made the chart will ring up more than half of the sales of this specialty segment.

Toys "R" Us, the No. 1 specialty retailer, dominates the $2.9 billion toy specialty segment by accounting for almost 60% of that field's volume. When the other three leading chains are included, these four retailers will do almost 95% of the toy specialty area's sale.

At the same time, these retailers will be opening almost all the new units in this business. TRU will add 355, Child World 17, Kay Bee, 60 and Lionel Leisure 7, despite its financial problems.

At $1.3 billion, sporting goods is the smallest specialty retailing segment in volume. But it may be the most exciting this year—the leading chain, Herman's, No. 7 on the chart, has spun off a new operation called Total Sports and plans to have 30 to 50 such units in the Sunbelt within the next five years.



Service Mdse. Poised to Pass Best as No. 1 Cataloger

Nationwide DSN Report

Service Merchandise will have bettered Best's volume and claimed the No. 1 spot among catalog showroom chains by the end of this fiscal year, *DSN* projects.

Service's May '85 acquisition of H. J. Wilson showrooms (No. 3 on *DSN*'s chart) along with the purchase of the smaller Ellman's chain should boost its volume by at least $480 million, *DSN* estimates.

In addition to the 88 acquired units, Service Merchandise is opening at least 17 new catalog showrooms this year compared to Best's planned 10 bows.

Most importantly, the catalog showroom business continues to be dominated by the two top catalogers. Their combined volume of $4.5 billion for the last fiscal year (including H. J. Wilson's and Ellman's sales) was about 56% of the total $7.9 billion *DSN* estimates the cataloger industry generated that year. The percentage of the business done by Service and Best is on the rise because only a few of the top chains are actually chalking up growth. Overall, the industry volume is flat with that $7.9 billion total achieved in the most recent fiscal year expected to remain the same in the current year.

By the end of this year Service and Best should account for 60% or more of total industry volume.

Supporting that projection is the continued fallout of smaller chains such as Masters and limited or no growth at other chains. In 1984, for example, volume dropped at two of the top 10 chains, Ardan and Gordon Jewelry. McDade's volume was unchanged compared to the year before and sales growth at L. Luria was slim.

New-Store Plans

Based on projected store openings, the most growth will be chalked up by Service, which is projected 25 openings in 1986. Best has 10 planned openings for next year and Consumers Distributing will also add 10 in 1986.

Both Best and Service are involved in businesses outside the cataloger realm which add to their listed volumes. Best has Ashby's, an apparel chain, and Best Jewelry. Service has the MR. HOW Warehouse home center chain, Computer Shoppe and Zimms jewelry stores.

Catalog Showroom Chains

Chain (Hq. and Coordinator)	Sales (millions) Last Completed Fiscal Year	Sales (millions) Previous Completed Fiscal Year	Income (millions) Last Completed Fiscal Year	Income (millions) Previous Completed Fiscal Year	Number of Showrooms As of Jan. 85	Number of Showrooms As of Dec. 85	Number of Showrooms To Be Added in '86
Best Products (Va.) (Independent)	$2,252.7	$2,081.3	$13.6	$33.0	244	254	10
Service Merchandise (Tenn.) (Independent)	1,607.0	1,458.1	44.6	44.9	183	200	25
H. J. Wilson (La.) (Independent)	521.0[A]	514.4	(3.3)	8.8	79	—	—
Consumers Distributing (U.S.) (N.J.) (Independent)	450.6[B]	369.7	(4.6)	(0.8)	160	170	10
Ardan (Iowa) (Creative)	250.0*	279.0	N.A	N.A.	51	48	0
L. Luria & Son (Fla.) (Independent)	149.0[C]	145.2	N.A.	6.8	35	38	3
W. Bell (Md.) (Independent)	146.1[C]	138.0	N.A.	2.6	18	21	3
Gordon Jewelry (Tex.) (Independent)	138.8[D]	141.7	10.7**	14.9**	57	62	5
Jewelcor (Pa.) (Jewelcor)	128.0	121.2	6.5**	7.5**	22	23	1
McDade (Ill.) (MAI)	105.0*	105.0	N.A.	N.A.	7	7	0

[A]Acquired by Service Merchandise 5/85. [B]In Canadian dollars. [C]Fiscal year ended at presstime; earnings figures not available. [D]Fiscal year ended 8/84. *DSN Estimate. **Operating income.

Off-pricers Seen Racking Up $9.3B For an 8% Gain

Nationwide DSN Report

Off-price apparel chains are expected to rack up $9.3 billion in volume this year.

DSN estimates the industry will see a sales gain of 8% over the $8.6 billion reported for 1984. But, tough going in the off-price arena will no doubt see more small players drop by the wayside as the larger chains continue to grow.

Marshall's remains the volume leader among off-pricers and Zayre's T. J. Maxx held on to the No. 2 spot last year. The combined effects of Pic-A-Dilly and Off the Rax dropping out and big expansions at other chains altered the rest of the top 10 line-up.

Burlington Coat moved into the No. 3 spot after opening 17 stores last year and pushing sales up over 40% to $339 million. This year that chain will open 12 stores and projected its sales for '85 will increase another 21% to $410 million.

Expansion is clearly the key to the chain's plan with another 20 new stores set for 1986.

Ross Stores also moved up on *DSN*'s volume ranking, propelled by a 163% increase in volume and more than doubling its number of stores in just one year. That chain's '85 expansion includes a deal with Jack Eckerd which lands the chain on the East Coast for the first time with six Florida stores, a push last April into Colorado Springs and Denver and a move into Portland, Ore., this fall.

Both K mart's Designer Depot and the ClothesTime chain are on the top 10 chart for the first time this year, thanks to aggressive expansions.

Off-price Apparel Chains

Chain (Hq. State)	Sales Fiscal 1984 (in millions)	Number of Units 1/84	Number of Units 1/85	Number of Units 1/86
Marshalls	$1,189.5	174	209	224
T. J. Maxx	649.1*	118	156	191
Burlington Coat	339	51	68	80
Loehmann's	305*	67	72	85
Hit or Miss	278.2*	375	401	N.A.
Ross Stores	210	26	66	100
Sym's	204.3	11	14	16
Filene's Basement	188.8	14	15	17
Designer Depot*	128	30	52	72
Clothes Time	98	126	165	185

*DSN estimate.

Source: DSN research

Membership Warehouse Clubs Still Grow Explosively

Nationwide DSN Report

The membership warehouse club industry is headed for another year of explosive growth, keyed by impressive expansion by major players who entered the field for the first time last year.

Though many chains are looking for solid gains, nobody has yet risen to threaten the leadership position of The Price Club, which in its most recent fiscal year, achieved sales of $1.2 billion—more than five times the volume of its nearest competitor, Wal-Mart's Sam's Wholesale Club.

Price plans to add six more outlets to its base of 19 units by the beginning of next year.

Sam's is undergoing an even more rapid expansion, and plans to more than double its number of units by the end of this year to 23. The company vaulted from $34 million in sales in its previous fiscal year to $220 million in its most recent year. Some have them achieving as much as $700 million for the current year.

In all, the top 10 warehouse clubs are planning to add 47 units by the end of this year to the 79 they operated at the beginning of the year. Aside from the 12-outlet expansion slated for Sam's, those adding the largest number of locations include Costco, which is slated to jump from 12 to 21; Pace, which will add nine to the six it already operated, and The Warehouse Club, which will double the five locations it had at the end of the last calendar year.

All that expansion will mean an increase in the amount of head-to-head competition in individual markets. Both Price and Pace are making major eastward expansions that will pit them both against each other. and against existing competitors.

Price is planning to open this year in Metropolitan New York, and will put its first units into Philadelphia and Baltimore. Pace is slated to open three Baltimore units this year. Makro, which doesn't open its doors to retail customers, already operates in the market.

Pace also plans to enter the Omaha, Colorado Springs, Greensboro, N.C., and Washington (state) markets this year, and to increase its penetration in Atlanta, Denver and, in January, Tampa/St. Petersburg.

Membership Warehouse Clubs

Chain	Volume in Millions Sales Last Fiscal Year	Volume in Millions Sales Previous Fiscal Year	No. of Stores 1/85	No. of Stores 1/86	Footage (Sq. Ft.) (Add 000) 1/85	Footage (Sq. Ft.) (Add 000) 1/86
Price Club (Calif.)	$1,164[a]	$643	19	25	1,900	2,500
Sam's Wholesale (Ark.)	220	34	11	23	1,034	2,162
Makro (Ohio)	170	162	4	4	700	700
Warehouse Club (Ill.)	150[b]	15	5	10	450	900
Value Club (Tex.)	125	120	5	6	450	540
Costco (Wash.)	102[b]	0	12	21	1,140	1,995
Price Savers (Utah)	80	0	4	4	360	360
Pace (Colo.)	77	16	6	15	570	1,425
The Wholesale Club (Ind.)	46	11	3	5	285	475
BJ's Wholesale (Mass.)	40	0	3	6	285	570

[a]Fiscal year ended 8/84. [b]Fiscal year ended 9/84.

Source: DSN research

Top 10 Auto Chains Due Back on Expansion Trail

Nationwide DSN Report

The top 10 automotive specialty chains reached combined sales of $2,454,000,000 for the most recently completed fiscal year.

These chains were also operating a total of 314 fewer stores than they did the prior year. By January 1985 the top 10 were operating a total of 4,470 stores, compared to 4,784 stores in January 1984.

.However, the chains project they will be operating at least 120 additional units by the end of the calendar year.

Western Auto, based in Kansas City, Mo., continued to lead the pack with sales increasing to $698 million for the last completed fiscal year. This represents almost a 25% jump in sales over the previous fiscal year, when sales came to $560 million.

Pep Boys, headquartered in Philadelphia, Pa., retained its second place position as a leading automotive chain, with sales of $348 million, a 15% increase over its previous fiscal year sales of $306 million.

The chain, which operated 135 units at the beginning of the year has plans to launch about 25 more by the end of the year, and between 25 and 32 additional units in 1986. This year's expansion will see Pep Boys entering New Mexico and Texas, new markets for the chain.

Several automotive chains turned to acquisitions last year and into 1985 to increase sales and market reach.

Dallas-based Chief Auto Parts, a division of Southland Corp. purchased 31 Honey and 46 Checkers auto part stores from Lucky Automotive and 13 units from Houston-based 2,002 Auto Parts early this year, bringing their current store total to 441. The chain is expected to pursue further acquisitions this year.

Grand Auto, based in Oakland, Calif., brought its January 1985 store count of 86 up to its current level of 112 with the March acquisition of Automotive Wholesalers Inc., which operated stores in Washington and Alaska. Future store openings will be confined to the four states in which it now operates, which also includes California and Nevada.

Automotive Chains

Chain (Hq. State)	Volume (Millions) Last Completed Fiscal Year	Number of Stores		
		1/84	1/85	1/86
Western Auto	$698[A]	2,556	2,269	N/A
Pep Boys (Pa.)	348	124	135	160
OTASCO (Okla.)	300*[A]	669	550	550
Lucky Automotive Div. (Ariz.)	275*[B]	439	459	431
White Stores (Tex.)	179	344	323	303
Chief Auto Parts (Tex.)	169*	296	337	N/A
Grand Auto (Calif.)	154	86	86	115
Nationwise (Ohio)	150*	135	140	165
Whitlock (N.Y.)	100*[C]	74	61	80
Perry Auto Works (Mich.)	81[D]	61	110	180

*[A]Includes sales from company-owned and franchised units. [B]Includes sales from Kragen, Checkers, Honey and Statewide. Lucky sold its 31 Honey stores on Feb. 4, 1985, and recently merged Statewide operations into Checkers. [C]Includes sales from Whitlock, National Auto, Strum Auto and Giant Auto. [D]Includes sales from acquisition of Jack Lampert Singer Super Auto Parts and Peppy's Discount Auto Parts. Also includes auto part sales in 146 Perry Drug Stores. *DSN estimate.* Source: DSN research

Toy Chains' Market Share Seen Leaping to $2.9B

Toy Chains

Chain (Hq. State)	Fiscal 1984 Sales (in millions)	Number of Units		
		1/84	1/85	1/86
Toys "R" Us (N.J.)	$1,700	169	198	233
Child World (Mass.)	435	90	104	120
Lionel Leisure (Pa.)	225	53	54	60
Kay Bee (Mass.)	347	456	516	566
Circus World (Mich.)	83	180	190	220
Playland (N.Y.)	48*[A]	46	78	99
K & K Toys (Va.)	33	69	87	97
Toy King/Toys and Gift Outlets (Fla.)	30	65	83	N.A.
Karl's Toys (Calif.)	18	20	23	26
Hobby Center (Ohio)	11	27	N.A.	N.A.

*N.A.—Not available. *DSN estimate. [A]Includes sales from Playworld and six leased depts. operated by Greenman Bros.* Source: DSN research

Nationwide DSN Report

Toy specialty chains should take an impressive leap forward in market share this year.

The top 10 specialty chains accounted for a combined total of $2,930,000,000 of the business.

Sales Estimated

Leading the pack by a wide margin is Toys "R" Us (TRU), which accounts for almost 60% of total sales for the top 10 chains.

The 200-store chain has increased its sales by $381 million or 28.9% in the most recent fiscal year, to reach sales of $1,700,000,000.

In 1985, the chain, which currently accounts for almost 14% of all United States toys sales, is expected to surpass the $2 billion sales mark.

To accomplish this, it will move forward with its methodical expansion plan, which sees it venturing into new domestic markets, including the Buffalo-Rochester area, increasing its presence in Canada and debuting overseas in England.

(Also, its Kids "R" Us, off-price children's clothing chain, is scheduled to open 15 to 20 new stores this year, adding to its current 11-unit count, and is expected to show a profit this year for the first time.)

The mammoth chain's chief competitor, Child World, which recently went private, is advancing at a more modest pace, but nonetheless is expected to exceed the half million dollar mark in sales some time soon.

The 104-unit $435 million chain is expected to open 16 new stores this year, as compared to an opening of 14 stores the previous year, when sales came to $360 million.

Lionel Leisure, although still struggling through Chapter 11, had a strong year with sales reaching $225 million, a 13.6% improvement over sales the year before of $198 million. This year the chain expects to open six new stores, its first expansion plan in three years.

Adding It Up

Kay Bee, the leading mall toy specialty chain, with 535 units nationwide and sales for the last fiscal year of $435 million, continues to compete with its closest mall competitor Circus World, which finished 1984 with sales of $83 million on 190 units.

Kay Bee, though, plans to forge ahead with the addition of 50 more stores.

CE Chains Unwrap Larger Stores and Extend Markets

Nationwide DSN Report

The top specialty consumer electronics discounters, optimistic their industry will continue to post impressive gains, have been rushing into new markets, opening larger and larger stores and are cashing in on the raging video boom.

Their reward—exceptional double-digit sales and earnings gains.

Results such as these have industry observers predicting consumer electronics will be the fastest growing retail merchandise category through the end of the decade.

Yet, there are reasons for retailers to inject some caution.

Current expansion has leading chains bumping heads in a few markets, especially in Texas and California, posing the threat of resource-draining battles for market share.

Further, with chains like Highland Superstores, Crazy Eddie, Luskin's and The Federated Group coming out with initial public offerings, retailers need to continue to expand their operations to retain Wall Street's support.

The top 10 CE discounters reported combined sales of $2,245,000,000 for the most recently completed fiscal year.

The leading volume chain, Circuit City, improved sales by 46% to $519 million and net profit by 67% to $20.2 million for the fiscal year ended Feb. 28, 1985.

The chain predicted revenue for fiscal 1986 will jump to about $750 million, although expansion costs may slow profit gains.

Highland Superstores, in the No. 2 spot, reported in a pro forma statement a 41% sales gain to $359 million and a 79% earnings gain to $14.8 million for the year ended Jan. 31, 1985.

The Federated Group reported a 66% gain in sales to $230 million.

Consumer Electronics Chains

Chain (Hq. State)	Volume (Millions) Last Completed Fiscal Year	Number of Stores		
		1/84	1/85	1/86
Circuit City (Va.)	$519	98	93	90[A]
Highland (Mich.)	358	25	32	42
Silo (Pa.)	330*	72	97	111
The Federated Group (Calif.)	230	20	43	60
Pacific Stereo (Calif.)	200	82	85	89
Crazy Eddie (N.Y.)	167	12	14	22
Fretter (Mich.)	160	23	29	36
Newmark & Lewis (N.Y.)	112	23	25	27
Luskin's (Md.)	90	23	29	40
CMC Stereo (Mo.)	79	57	57	57

*[A]Declining number of Circuit City locations reflects net effect of closing 39 leased departments in Zodys stores in Los Angeles. *DSN estimate.* Source: DSN research

Top 10 Sporting Goods Chains Reportedly Pass $1B

Sporting Goods Chains

Chain (Hq. State)	Volume Fiscal 1984 (in millions)	Number of Units		
		1/84	1/85	12/85
Hermans (N.J.)	$368.4	102	115	126
Oshmans (Tex.)	304.0	186	192	212
Big Five (Calif.)*	165.0	70	70	89
Sportmart (Ill.)*	123.0	8	11	12
Sunset Sports (Utah)*	110.0	36	36	40
Dart Cook (Colo.)*	56.1	17	17	11
Gart Bros. (Colo.)*	49.0	13	13	14
Michigan Sporting Goods (Mich.)*	38.0	16	16	16
Academy (Tex.)*	35.0	17	17	20
Irving Sports (Va.)*	16.0	17	17	18

* DSN *estimate.* Source: DSN research

Nationwide DSN Report

The nation's leading ten specialty sporting goods chains are estimated to have topped the $1 billion mark with combined total sales of over $1.2 billion for the most recently completed fiscal year.

These gains were made on an increase of 22 stores during calendar year 1984. By January 1985, the ten chains were operating a total of 504 units, compared to 482 units at previous year's end.

By the end of this year, the leading sporting good chains project they will be operating a total of 558 outlets.

Herman's, the nation's largest specialty sporting goods and sports apparel chain, heads the top ten list with sales of $368.4 million for the most recently completed fiscal year, a 17% increase over sales of $317 million for the previous year.

The New Jersey-based chain currently operates 115 units in 14 Northeast, Midwest and middle Atlantic states, up from 102 during the previous year.

Expansion plans call for the launching of 12 new Herman's stores this year, all in existing markets, with one store closing.

Total Sports, the fledgling sporting goods discount division opened by parent company W. R. Grace, is also slated for continued growth.

The chain, which currently operates one store in Cutler Ridge, Fla. and a second in Hollywood, Fla., is expected to expand by 30 to 50 units in the next five years.

Fueling the expansion plans for both Hermans and Total Sports is a recent public stock offering resulting in the sale of 1.3 million shares by Hermans at $16.50 each, and the remaining 3.3 million shares by parent Grace. This left Herman's with 11.5 million shares outstanding with Grace retaining about 59% of the common stock. Part of Herman's share of the proceeds will be funneled into both sporting goods operations.

Following behind Hermans on the top ten list is Texas-based Oshman's, which reported sales of $304 million for the most recent fiscal year. This represents a 7.4% or $21 million gain over previous year sales of $283 million.

The chain finished off the year with 192 units.

Strengthened Diversification Efforts Reshaping K mart

1

TROY, Mich. — There's a new, more diversified K mart coming.

It won't involve any lessening of K mart's core huge discount store business that currently accounts for more than 95% of the company's volume.

Rather, it entails the explosive expansion of the discounter's other retailing chains, so that each—Payless Northwest, Builders Square, Waldenbooks, and the combined cafeteria operations—will become $1 billion businesses within one to five years.

Concurrently, the corporation carried out a major management restructuring to enable executives to get a better handle on the new, diversified K mart.

The parent K mart Corp. now has three separate operating areas: K mart Stores group, headed by Norman G. Milley; specialty retailing under Frederick M. Stevens, and corporate administration directed by Joseph R. Thomas.

This management structure makes clear that despite the growing importance of the diversified retailing chains, K mart's discount stores remain the heart and soul of the company—a fact reinforced by the continued expansion and upgrading of this operation.

K mart discount stores in the United States and Canada accounted for $20.1 billion in sales, with the Meldisco leased shoe sections—which are partly owned by K mart—adding another $932.6 million, so that total K mart discount store volume was just over $21 billion last year, up 11.5% from $18.9 billion.

This year, 23 discount stores will be opened, joining the 2,117 in operation in North America at the start of the year. At the same time, the reformatting of older stores will continue as such updated sections as Home Electronic Centers, Kitchen Korners, Domestic Centers, Home Care Centers and upgraded apparel departments are unveiled.

By the end of 1986, all U.S. K marts will feature this "K mart of the 80's" merchandise presentation.

Changes under way at the discount stores involve more than just a new merchandise face. The merchandise itself is being upgraded to include higher margin, more profitable goods. This reflects the change in the demographics of the discounter's shopper, which now includes more higher income households.

Bernard M. Fauber, chairman, noted that a recent Simmons Report showed households with incomes of $40,000 or more now account for almost 19% of K mart's customers, while those with incomes in excess of $20,000 amount to nearly 60%.

These customers' interest in higher margin, often more specialty items like a European coffee mill was one factor in K mart's revamping of it's merchandise tracking and reporting system.

The discounter is now phasing in such advanced systems as laser checkout scanners for UPC marked hard lines and plans to put UPC tags on soft goods so this merchandise can also be tracked at the point-of-sale.

Bernard Fauber
Chairman, K mart

K mart	Fiscal Year Ended 1/30/85	1/25/84
Sales	$21,040,000,000	$18,871,000,000
Earnings	492,900,000	487,200,000
Stores	2,173 (1/85)	2,160 (1/84)

Milley reported 150 K marts will have laser scanners by the end of this year and the equipment will be phased into other units at the rate of about 500 stores a year.

The diversification effort that denotes the new K mart Corp. also is at play within the discount store operation. There, it involves adding nonretailing insurance and financial services, to enable a K mart to offer customers a broad mix of goods and services. By the end of the year 275 K marts will provide insurance and financial services and about 1,000 are expected to do so by the end of the decade.

K mart discount stores are expected to generate about $21.5 billion in sales this year, excluding volume from the leased Meldisco shoe sections.

At this rate, the discount stores will continue to account for the bulk of the parent K mart Corp.'s sales.

Total company sales this year were projected at $24 billion.

Last year, total corporate sales were $21,095,900,000, up 13.4% from $18,597,900,000. Income from all retailing operations amounted to $492,900,000, a 1.2% increase from $487,200,000.

K mart's own growing insurance business added $6.2 million to the earnings last year and $5.1 million in the previous year, so that total income in 1984 was $499.1 million, up 1.4% from $492.3 million.

K mart Insurance Services, so far, is a relatively minor player in K mart's diversification, focusing its effort mainly on providing the insurance services offered in a growing number of discount stores. These centers also handle financial services, with the actual banking aspect provided by banks and other financial institutions.

K mart's various other diversified operations last year accounted for $988.8 million in sales and they are projected at $2.5 billion in volume this year.

Key to this is the newest acquisition, Payless Northwest, which was purchased in March 1985, after it finished its fiscal year.

Wal-Mart Sets Its Sights on $8.3B in 1985

2

BENTONVILLE, Ark. — Wal-mart will focus its juggernaut growth this year on its discount stores and warehouse clubs as it sets its sights on reaching the $8.3 billion sales level for the first time.

The company will strengthen its position as the nation's second largest discounter by opening another 115 Wal-Marts to reach the 860-store mark while adding two more states—Wisconsin and Colorado—to its current 20-state Midwest and Southeast market area.

Concurrently, it will stake out a major presence in the burgeoning warehouse club field by adding a dozen more Sam's Wholesale Club units to the network of 11 opened during the past two years in its initial probe of this business.

While discount stores and warehouse clubs will get Wal-Mart's major expansion commitment, the company will maintain its low-keyed diversification explorations by opening another dot deep-discount drug store and one or two more Helen's Arts and Crafts units.

Eschewing growth by diversification, however, still gives Wal-Mart the room to "experiment with specialty stores like dot and Helen's that relate to businesses we're already in," said president David Glass.

The businesses that Wal-Mart's already in last year propelled the company's sales to $6,400,861,000, up 37.2%, while net income jumped 38% to $270,767,000 from $196,244,000.

The discount store arm, which grew by 112 stores, accounted for about $6.180 billion of the company's sales, with about $220 million coming from Sam's Wholesale Clubs.

The rapid expansion of Sam's Wholesale Clubs drove volume up from the approximately $34 million provided by that operation's initial three units in 1983. This fast-maturing business is expected to generate about $700 million in sales this year.

Sales and store growth, as impressive as the figures are, aren't the whole Wal-Mart story. Other elements include:

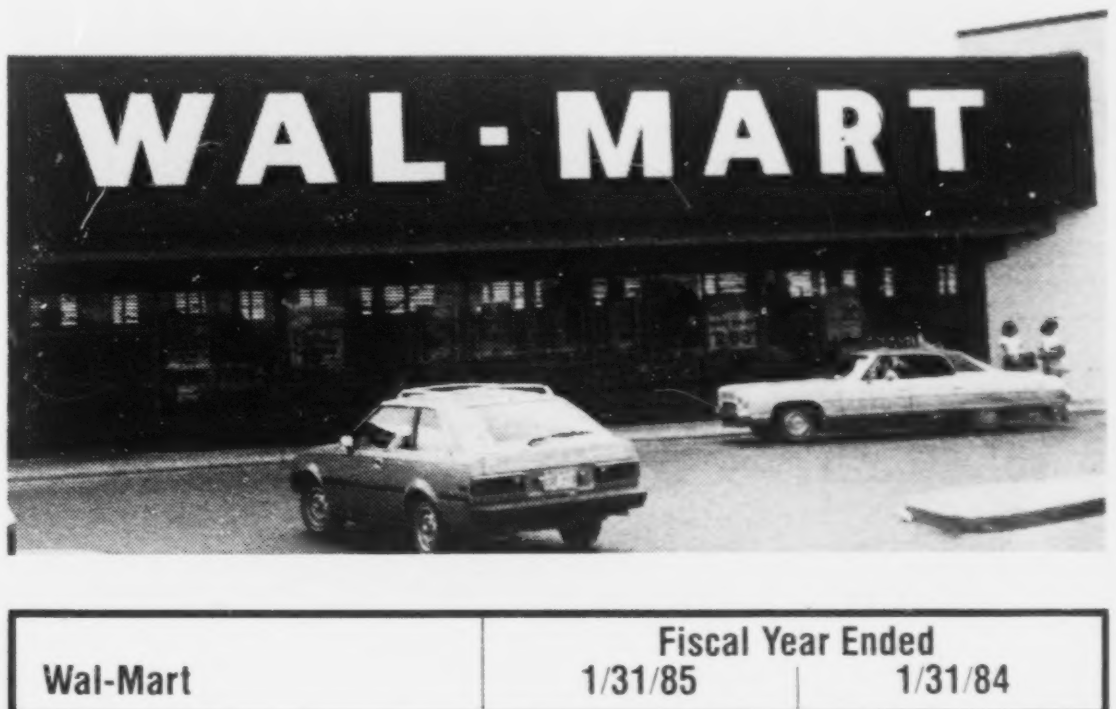
- A much-publicized "Buy America" program in which Wal-Mart has committed itself to purchasing as much merchandise as possible from domestic manufacturers to help reduce the balance of trade deficit and flow of jobs overseas.

This effort, which reflects the combination of business realism, patriotism and entrepreneurship that has long marked the career of the company's founder and current chairman, Sam Walton, is tied to a concurrent commitment from American producers: they will upgrade their facilities, remain financially conservative, work to fulfill Wal-Mart requirements, and act to improve employee productivity.

- Use of a satellite system to provide faster, more flexible and less expensive simultaneous voice, video and data communications among headquarters, stores and the distribution centers.

The initial use of the satellite and earth sending/receiving stations will involve the company's headquarters, two of its distribution centers and 750 Wal-Mart and Sam's Wholesale Club stores.

Sam Walton
Chairman, Wal-Mart



Wal-Mart	Fiscal Year Ended 1/31/85	1/31/84
Sales	$6,268,000,000	$4,744,000,000
Net Earnings	270,800,000	196,200,000
Stores	745 (1/85)	642 (1/84)

- Extension of checkout scanning of UPC-marked merchandise from 91 stores to 296 units, with the long-term goal of having all stores on this system.
- Development of a regional merchandising system that employs a Computer Aided Design (CAD) system to tailor the mix to each store using 128 different factors. These specific traits include climate of the store, ethnic orientation of its customers, recreational preferences and such demographic factors as urban or rural market, number of retirees, military or college town, etc.

Wal-Mart's use of state-of-the-art technology for a more efficient and productive operation is part of the company's grand design to step up its expansion from the original 1960's base of rural and suburban areas to a more diverse mix of communities—major metro markets along with mini, satellite communities.

The discounter expects to open a few test 25,000-30,000-sq.-ft. prototype stores designed for small towns later this year.

Sam's Wholesale Clubs are part of Wal-Mart's expansion into metro markets, and are considered compatible with the company's basic discount retailing focus on high-volume, low-overhead and low-gross-margin stores.

The eight Sam's Wholesale Clubs and 106 Wal-Marts opened last year added up to more than 7.5 million sq. ft. of new store space for the company, raising the footage 21.8% from 34.4 million sq. ft. to 41.9 million.

The 115 new Wal-Marts projected for this year include 19 in Texas, the company's largest market with 143 units currently there, and 14 in Florida, a state entered just three years ago and already home to 23 of the chain's units.

Aiding Wal-Mart's expansion will be an augmented distribution network that saw 152,000 sq. ft. being added to its Searcy, Ark., distribution center. A new 443,000-sq.-ft. DC and headquarters is being built in Bentonville to replace a smaller facility. Also, a 700,000-sq.-ft. DC is under construction in Douglas, Ga., and similar size facilities are planned for Brookhaven, Miss., and Plano, Tex.

CENSUS '85/'86

Target Boosts Expansion to 72 Bows in Next 5 Years

3

MINNEAPOLIS — Target is continuing on its expansion track with 13 stores scheduled to open their doors during the current year, and a total of 72 new units slated over the next five years.

That would bring the chain's total store count to 287 by the end of 1989.

That expansion schedule is one evidence of the fact that parent Dayton Hudson Corp. plans to put most of its expansion efforts and cash behind Target and Mervyn's, the promotional retail division. The company anticipates that 80% of the $3.2 billion budgeted for expansion in the 1985-89 period will be spent on Target and Mervyn's.

Aided by a solid fourth quarter, Target was one of the stars in Dayton Hudson's firmament in the most recent fiscal year. Sales rose 13.8% to $3,550,000,000; same-store sales were up a more modest 7%. The revenues represented 44.3% of the parent's total.

Operating income told a more impressive story, shooting up 33.2% to $235.6 million, or 37.7% of the parent's total (up from 30.6% the year before). The chain increased by 10 stores; net square footage went up 5%.

Target is in its first full year under a new president, Robert Ulrich, who assumed the post in December. He previously had been president of Dayton Hudson Department Stores. It's the second time in the chain's history that a department store veteran has held a top position; current DH chairman Kenneth Macke was the first.

Ulrich's department store merchandising experience should play a major role in the company's future store presentation plans. According to a spokesman, Ulrich is functioning as "the chief merchant at Target," freeing chairman Bruce Allbright to concentrate on strategic planning, his strong suit."

The first evidence of Ulrich's merchandising input could come in a new prototype which Target is rumored to be readying for later this year, though a spokesman said that no new formats will be unveiled at least until 1986.

With the 28 stores that Target poured into the southern California cauldron two years ago registering "strong sales improvement," according to Dayton Hudson's annual report, Target will add three more in that market this year as part of the planned 13 store expansion. The new stores will open in Fall Brook, Cypress and Orange. Elsewhere in the state, stores will be unveiled in Laverne and Santa Fe Springs.

Other openings include four in Texas. Three have opened in the northern Texas cities of Abilene, Denton and Amarillo, as the chain attempts to add strength there to its heavy representation in the Houston market, which is scheduled to see its 14th store opened this year.

Target this year has already opened its second store in Cheyenne, Wyo., and will debut units in St. Cloud, Minn. (its first); Milwaukee (it's seventh) and Phoenix (its sixth). With the exception of the Denton store, all the new units will match the chain's typical 100,000-sq.-ft. size, with about 85% of that devoted to selling space.

The 13 openings will bring Target's store count to 228.

However, Target continues to fine-tune and test new merchandising concepts within the existing stores. In a test store in St. Paul, Minn., for example, a coordinated home decor area has been placed on the front race track. The presentation includes five 20-ft. flats of KD furniture adjacent to lamps, wicker, framed posters and other home accessories. The top row of the lamp display is electrified to encourage impulse sales.

Another adjustment was the raising of housewares gondolas by a foot for better visibility. Dinnerware samples were moved to a shelf higher to be at eye level to consumers.

In soft lines, Target recently appointed a new senior vp, gmm. James Adamson, who had been vice president for marketing and real estate for DH's B. Dalton Booksellers, moved into the slot vacated in February when Robert Floum left to become president of Kohl's Department Stores. Earlier, Adamson had been a dmm for The Gap.

Bruce Allbright
Chairman, Target

Target	Fiscal Year Ended 2/2/85	1/28/84
Sales	$3,550,000,000	$3,118,000,000
Operating Income	235,600,000	176,800,000
Stores	217 (1/85)	205 (1/84)

Best Restructures Its Operations, Slows Diversification

4

RICHMOND— It's turnaround time at Best Products.

This year, executives are devoting their energies to stemming Best's profit slide and forging the cataloger into a more productive operation—one that will return the company to its past profit levels of a 2½% to 3% return after taxes.

That effort, being engineered by Robert E. R. Huntley, president and chief operating officer, and Bernard A. Cohen, executive vice president and president of the Best Retail Group, focuses on an extensive restructuring of the company's operations, with the main emphasis on the showroom arm and its seven chains.

In the process, two diversification probes—Best Jewelry jewelry and giftware specialty stores and Ashby's apparel specialty units—have been put on the back burner.

The 11-unit Best Jewelry operation isn't due for any expansion this year; that chain's merchandising has been folded into the showroom division while the long-range potential of these stores is assessed.

Ashby's will add four more stores to its base of 29, but this chain's future growth is heavily dependent on a new merchandising program being developed by a new management team Best installed late last year to try to turn this operation around.

Best's need to radically improve its operations was clearly evident from its performance last year. Sales of $2,252,656,000 were up 8.2%, while net income fell 58.8% from $33,013,000 to $13,609,000.

DSN projects Best's sales will go to about $2.5 billion this year, sparked by the start of the revitalization of the core showroom business.

This effort, a three-year, $80 million- $95 million plan to refurbish and modernize 107 showrooms, will see 22 units revamped in 1985 at a cost of $500,000 to $850,000 per store.

The highest-volume showrooms from each of Best's seven chains—Best, LaBelle's, Dolgin's, Jafco, Miller Sales, Rogers and Great Western—will get the new look as the cataloger puts its money on its most productive and profitable stores.

Company executives believe the math for the revamping works out as follows: Sales will go up $500,000 per showroom and the aftertax net would be $15,000 or about $1.5 million from the refurbished units, enough to offset the cost of the debt (and interest) used to finance the facelifting.

Merchandising Move

Getting the sluggish cataloger moving again is keyed to Best's achieving the goal of the remodeling effort in the 107 showrooms—and then extending the program to all its stores if it is successful. This involves boosting volume from the refurbished stores a "conservative" 5%, along with improving operations to reduce the average unit's staff by an average of about five clerks, thereby saving one-half to 1% of payroll costs as a percentage of sales. The latter works out to a total saving of $10 million to $13 million when all 107 units are updated.

The new look envisioned for Best: a showroom with a contemporary decor and a race track layout that has higher-margin, salesclerk-serviced departments—jewelry, giftware, housewares and consumer electronics on the entrance side, and lower-profit, mass-displayed self-service sporting goods, toys and seasonal goods on the side leading to the exit.

The new format will force customers to use the race track to move through the showroom, and they will first have to shop the higher-margin departments before they can go past the self-service area and the checkouts.

Markedly changing the showrooms is only one element in Best's extensive restructuring. Just as important is the radical revamping and consolidation of its management setup and operations into one centralized company, directed from Richmond.

Over the past three years, the company has unsuccessfully tried to operate through a combination of a centralized Best chain and decentralized management and merchandising of its six other showroom divisions that came into the fold through the 1982 acquisition of Modern Merchandising, and its 74 stores.

Now, Best will do all the merchandising for all seven chains, including uniform promotional programs.

At the same time, all accounting, data processing and similar basic financial functions have been centralized at Best's Richmond headquarters.

On the firing-line level, the seven chains, which were managed through a 10-region structure, were redeployed into just four regions, each containing about 50 showrooms doing about $500 million in sales.

The district offices, however, were upped from 21 to 29 to provide more intimate communication with the stores for a better response to local market factors. Each office now oversees six to eight showrooms, rather than the 10 to 13 previously.

All the changes under way at Best haven't slowed down the expansion of the showroom division. Ten new showrooms will be opened this year, including two in Columbus, Ohio, to mark Best's debut in that market, along with a fourth in Milwaukee and three more in other Wisconsin cities. The cataloger entered Wisconsin last year with three units.

All 10 new showrooms will carry the Best logo, giving rise to speculation that the company eventually plans to switch some if not all the other chain names to Best. Company executives have consistently downplayed this scenario.

The 10 new stores will average 52,000 sq. ft., Best's new optimum size unit, and will include the new look being used to refurbish the 107 older stores.

Older showrooms that are larger than the new prototype size could also be involved in another major Best move being contemplated by executives: to turn the excess footage into Ashby's and Best Jewelry stores, so that the company would run minishopping centers having a potentially greater opportunity for sales than large showrooms do.

Executives have examined the legal and physical aspects of taking this step, but so far no such moves have been made.

Andrew Lewis
Chairman, Best Products

Best Products	Fiscal Year Ended 2/2/85	1/28/84
Sales	$2,253,000,000	$2,081,000,000
Earnings	13,600,000	37,100
Showrooms	204 (1/85)	196 (1/84)

Zayre, on Big Roll, Escalates Diversification Ventures

5

FRAMINGHAM, Mass. — Zayre, fueled by its ninth straight year of sales and earnings growth, is moving on several fronts to become a more powerful diversified retailer.

This year, Zayre is simultaneously stepping up expansion of its discount department stores and specialty retail ventures, including T. J. Maxx, Hit or Miss and BJ's Wholesale Club.

At the same time, Zayre is rolling out to more departments in 45 stores lighting, color, fixture and assortment changes first tested in 1984 in apparel, domestics and stationery. Similar changes will be evident first in hardware, automotive service, candy, books, party goods, greeting cards and paper goods. The goal is to keep Zayre discount stores catering to its primary low income shopper base while offering cleaner displays and a broadened mix.

Underlying these moves is Zayre's reliance on market research to keep chain strategies aligned with what customers want. Zayre will spend $750,000 this year on shopper surveys alone, a chain executive said.

"What you think you're doing doesn't count. Only what customers think counts," he added, summing up top management's view on Zayre Stores' positioning within markets.

Sales Up

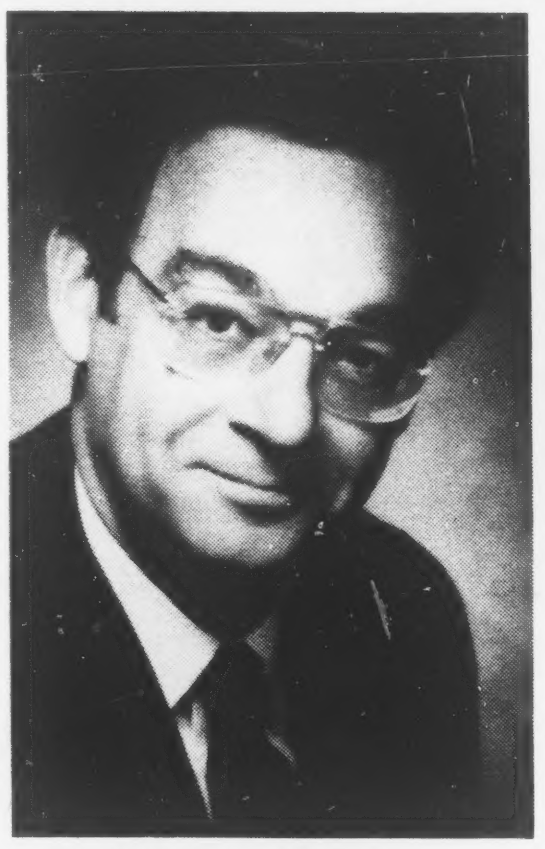
In its most recent fiscal year, Zayre corporate sales rose 19.5% to $3.1 billion. Net income for the corporation climbed 30.8% to $80.3 million.

Contributing most of that, the discount store chain produced sales of $2.2 billion. Its volume increased almost 16% from $1.9 billion the year before. Operating income for the chain rose 34.6% to $122.2 million, or 5.6% of sales, an improvement that reflects better inventory and expense controls, a company spokesman said.

Zayre is currently assimilating 31 Gaylords stores acquired this spring for $13.1 million. The buyout strengthens Zayre's presence in Mississippi, Alabama, Georgia, North Carolina and Delaware, which serves as a geographical bridge between Zayre's Baltimore-Washington markets and its more northern territories.

The takeover also makes Zayre the top discounter in units in New Orleans, with 10 discount department stores outnumbering five K marts and four Service Merchandise showrooms (former H. J. Wilsons). Gaylords had lost $4.3 million on sales of $145.7 million in its latest fiscal year.

Moreover, Zayre will direct $150 million toward capital expenditures in 1985, a 50% rise over 1984's outlay. It includes $59 million for new stores, $30 million for distribution center expansion and much of the rest for remodeling expenses.



Malcolm Sherman
President, Zayre Stores

Zayre Discount Stores	Fiscal Year Ended 1/26/85	1/28/84
Sales	$2,195,000,000	$1,902,000,000
Operating Earnings	122,200,000	90,800,000
Stores	290 (1/85)	275 (1/84)

Plans Aired

Zayre will add 3 million sq. ft. of new store space in 1985, up from last year's addition of 2 million sq. ft. Plans include:

—20 new Zayres in existing market clusters to improve advertising and distribution efficiencies, and one store closing, raising the year-end roster to 310. Further, Zayre aims to add 100 discount department stores over the next five years.

—35 new T. J. Maxx family apparel and domestics stores, raising the total to 191 by year's end. All new stores will follow a prototype tested in four stores last year, and 20 existing units will be reformatted to the new design.

—50 new Hit or Miss stores, and five closings, to a total 446 at the end of 1985.

—three additional 100,000-sq.-ft. BJ's Wholesale Club membership warehouses in Hartford, Conn., Syracuse and Buffalo, N.Y., adding to its three in Medford, Mass., Johnson, R.I., and Hialeah Gardens, Fla. Zayre management still considers BJ's to be an experiment, despite having created a separate corporate division for its last year.

Zayre is expanding distribution capacity to support its escalated store growth plans. It will enlarge Chicago and Atlanta facilities that service Zayre stores. T. J. Maxx will soon complete a 200,000-sq.-ft. addition to its 300,000 sq. ft. distribution center (DC) in Worcester, Mass., and will start construction on a 600,000-sq.-ft. DC in Evansville, Ind.

Hit or Miss recently added 160,000 sq. ft. to its initial 105,000-sq.-ft. DC in Stoughton, Mass., where it plans to place an automated merchandise sortation system.

Read

CLASSIFIED ADS

every issue
in

Discount Stores News

Framed Purse
AMITY
CRAFTED WITH PRIDE IN USA

Why does Amity outsell other wallets?

Amity keeps out-selling the competition year in and year out.

For a number of profitable reasons.

Amity is the only brand in its market that consistently advertises nationally, so customers are on the lookout for our products.

Amity specializes in mass merchandisers, so we know the products you want and the prices you need.

Amity follows-through with service to make certain the product presentation and inventory is maintained in your stores.

Amity's high-quality products are made right, right here in America, which is important to your customers.

And Amity has set the standard when it comes to innovative, high-impact acrylic displays that are helping retailers double and triple their sales.

In fact, no other manufacturer of personal leather goods offers you a more complete package of products, promotions and support.

Find out first hand why Amity's in first place by stocking plenty of profitable Amity products.

You'll make money hand over fist.

Giving you more for the money.™

400 Key Stores Undergoing Massive T.G. & Y. Facelift

	Fiscal Year Ended	
T.G. & Y.	2/31/84	12/31/83
Sales	$2,020,000,000	$2,020,000,000
Earnings	NA	NA
Stores	743 (1/85)	517 (1/84)

6

OKLAHOMA CITY — As the key element in T.G. & Y.'s turnaround efforts, management of the 743-unit, $2 billion chain is moving along in its plan to renovate 400 key units, and rework their assortments to emphasize the chain's strength in basics.

This effort follows several years of poor sales results and high management turnover at both T.G. & Y. and its parent, Household Merchandising.

For the fiscal year ended Dec. 31, 1984, T.G. & Y. reported sales almost flat with the previous fiscal year, at $2.02 billion. However 1984 sales were produced on a store base smaller by 73 units than the previous year, and president Richard Rusthoven said earnings showed a slight gain in 1984.

Continued improvement, Rusthoven said, will be guided by the chain's adoption of a "practical, segmented" approach to the business which allows store size and location to dictate how each store should operate.

Rusthoven expects 150 of the chain's 400 mid-size units to have been renovated by the end of this year, with the balance completed by the end of 1986. All are between 25,000 and 45,000 sq. ft.

In addition, T.G. & Y. is formulating a new format for the chain's 100 larger, over-50,000-sq.-ft. units. The remaining, smaller stores are in the process of being remerchandised as variety stores, along the line—in decor and assortment—as the chain's sister variety store division, Ben Franklin.

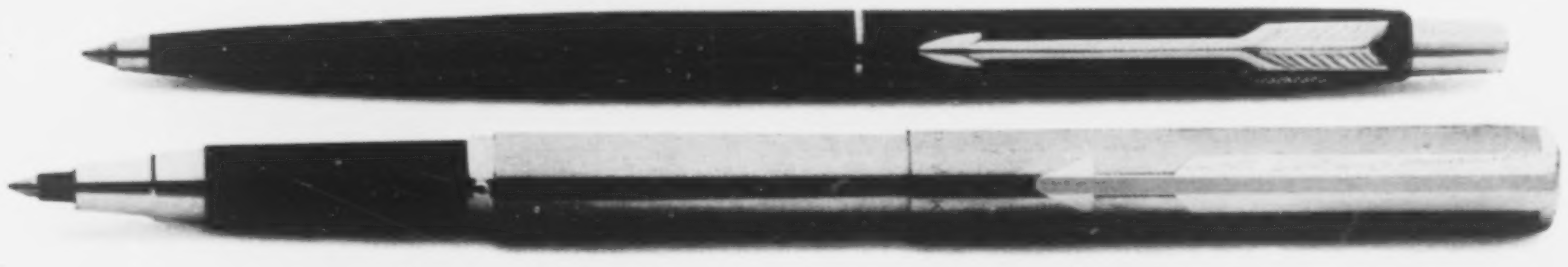
Along with the segmentation comes a reshaping of virtually every aspect of the company, from its reporting structure and merchandise ordering-/tracking system to store presentation and advertising programs.

Among the changes in progress, or planned, are:

- To have most of the chain's discount stores equipped with electronic point-of-sale by the end of the year, a goal already achieved in a majority of the core 400-store group.
- To more than triple the number of merchandise departments to provide a better gauge of performance. As of the beginning of the year, the chain began monitoring and buying goods for 77 distinct departments as opposed to 23 previously.
- A move to an open-to-buy system.

Richard C. Rusthoven
President, T.G. & Y.

To help you sell these,



we're giving away these.

A prediction: You'll be selling lots and lots of Parker pens this season. And not only because they make great gifts. You see, when your customers buy a Parker Premier, 75, Classic or Arrow pen or set, we'll send them a free Parker Vector Roller Ball. All they do is send us proof of purchase along with the redemption certificate they'll find in our ads. Ads that we're running in magazines like *Time*, *Newsweek* and *Sports Illustrated*, as well as newspapers all over the country. Ads that, together with our radio campaign, will get our message across more than 244 *million* times.

With that kind of backing, we expect to be giving away a lot of pens. So get set for a lot of business. But don't say we didn't warn you.

PARKER

©1985 TPPC

Why buy any line when you can sell a

Design-A-Chair

It's the hottest chair going, at the hottest price anywhere—and it goes anywhere in the home or office. Don't be burned by imitations—this Wallace original beats 'em cold!

LEISURE PRODUCTS, INC.
The next big name in lifestyle furnishings.
31st & Jefferson Sts. • Phila., PA 19121
215/232-9900

CENSUS '85/'86

Toys "R" Us, on Way to $2B, Is Adding Two Markets

7

ROCHELLE PARK, N.J. — Toys "R" Us (TRU) will slightly change its game plan on the way to this year's goal—topping $2 billion in sales.

For the first time, the 198-unit toy giant will depart from its long-held strategy of debuting in one new market per fiscal year, by entering two—previously announced upstate New York and now the Carolinas.

The impending upstate New York debut, in Buffalo and Rochester, appears to be a sound geographical step which ties into last year's Canadian invasion.

Industry sources indicated the move into the Carolinas is a tactical advance against its prime toy supermarket competitor Child World, which reportedly had been looking at the same states.

In addition, TRU has already tapped Cleveland as its new market entry for 1986, its third city in Ohio. The chain already operates in Cincinnati and Toledo.

Although two new market debuts appear uncharacteristic for TRU, its 35 new store openings slated for this year are right in line with the chain's annual 18% expansion rate.

Last year, TRU opened 29 new stores, on a base of 169 units, and entered Cincinnati for the first time. Sales increased 29% to $1.7 billion from $1.3 billion in the previous year and earnings rose to $111.4 million from $92.3 million in fiscal 1984. Comparable-store sales increased 14.4%, stronger than the prior year's 13.5% comparable store gain.

This year, TRU is already off to a fast start. Sales for the first quarter rose to $326 million from last year's $247.4 million, a 31.8% jump. Net earnings for the period rose to $12.2 million compared to $9.6 million for the first quarter last year. Comparable store sales for the period were up 15.9%.

The company's stock also performed well for the first six months in '85, jumping over 12 points on the New York Stock Exchange, from a January low of 25½ to its recent high of 37¾.

Currently owning a 14% share of the U.S. toy market while only operating in 28 states, TRU is expected to account for approximately one-quarter of all domestic toys sold by the end of the decade, according to industry analysts.

However, TRU has even greater aspirations. Firm in its commitment to grow into a worldwide retailer, TRU will be strengthening several global footholds this year.

In Canada, the chain will open four new stores in Ontario province during '85 to go with last year's debuts in Toronto, Brampton, Hamilton and London.

Looking across the water, TRU will be opening its first cluster of stores in the Greater London area, operating through a wholly owned subsidiary. A distribution center and excutive buying office in Reading, England, will service the cluster of four-five stores.

So far, all of TRU's overseas diversifications have been orchestrated essentially in this same manner—almost identical to any of its domestic market entries.

Additionally, in 1986, TRU plans to open its second store in Singapore.

Back in the states, Kids "R" Us (KRU), the toy giant's little sister off-price children's apparel retailer, will also grow up this year. The 11-unit chain will add 14 new stores and will branch out of the tristate metropolitan area for the first time, entering Philadelphia and Maryland.

KRU's move south will be made possible by the opening of its first distribution center this September. The 296,000-sq.-ft. facility in Franklin Township, N.J., will allow for the later construction of a mezzanine level, which would add another 100,000 sq. ft. of distribution capacity.

Internally, KRU has made several key changes to its prototype over the past year including increasing selling space from 15,000 sq. ft.-20,000 sq. ft., and adding music videos (rented from MTV) and more electronic amusements for kiddie customers. Also, bright orange race track aisles in carpeted departments replaced the single main aisle of older stores.

This new configuration was identified as the model for future KRU stores by Charles Lazarus, TRU's founder and chairman, who calls the look "third generation" Kids "R" Us.

Parent TRU has also made some fine-tuning adjustments on its corporate level. The company has finally placed the missing piece in its upper management puzzle by naming Robert C. Nakasone president of the U.S.A. store division. The move completed TRU's reorganization of its management structure, now broken into six separate operating divisions—U.S.A. toy stores; international toy stores; general merchandise; Kids "R" Us; finance and administration and department stores. All division managers will continue to report to Norman Ricken, president and chief operating officer.

Charles Lazarus
Chairman, Toys "R" Us

Toys "R" Us	Fiscal Year Ended 2/3/85	 1/29/84
Sales	$1,701,000,000	$1,320,000,000
Earnings	111,400,000	92,300,000
Stores	198 (1/85)	169 (1/84)

MICRO BLIND
1/2" Vinyl Slats
14 cafe curtain clips
Kenney
Vertical blind
EASY TO INSTALL
DO-IT-YOURSELF
INSTALLATION

No matter how your customers cover windows, Kenney's got you covered.

Practical Pam . . . nouveau Norman . . . thrifty Thelma. Bring on the choosiest customers. The more diverse and demanding they are, the more they'll be pleased by the complete Kenney collection of window fashions. The same Kenney products that are proven sellers in the nation's top department stores.

Over 3,000 SKU's of drapery hardware, shades, vertical, pleated, wood and mini blinds and the sensational new micro blinds — in a whole range of colors and materials. If it's made, it's made better by Kenney.

Best of all, each and every package is coordinated and attractively held in an inviting display that holds a full *30% more merchandise* in the same amount of floor space. Then, our nationwide sales force assures that it's neat, attractive and well-stocked. With seven regional distribution centers, we can ship almost any item to your store within 48 hours.

Trendy . . . traditional . . . upscale . . . down-home. There's no such thing as an average customer, so you need more than an average line. And Kenney's got you covered with the best program of products, display and support in the industry. Call or write Kenney — we'll cover all the details with you.

Kenney Window Fashions

New York Office & Showroom
261 Fifth Ave., Suite 807, New York, NY 10016 USA
Phone (212) 689-4804 (4805)

Factory & Executive Offices
1000 Jefferson Blvd., Warwick, RI 02886 USA
Phone (800) 556-6531

Service Merchandise Spreads Showrooms, MR.HOWs

8

NASHVILLE — Service Merchandise's drive to diversify its operations, while also finally becoming the nation's leading cataloger in sales and number of units, continues without letup.

The diversification effort will see the company markedly expand its two stables of stores—Service Merchandise showrooms and MR. HOW Warehouse home centers—and end the year with about $2.6 billion in sales.

More Stores

In the core catalog showroom operations, Service will open at least 20 new stores besides the 80 H. J. Wilsons and eight Ellman's acquired two months ago. The 183 Service units in 35 states that the company housed in its showroom stable at the start of 1985 will grow to at least 291 stores in 36 states by the end of the year.

More importantly, the acquisition of the Wilson and Ellman's chains for the first time makes Service a power in Texas and in Louisiana, the latter a new market for the cataloger. It also noticeably strengthens Service's operations in a host of current states: Florida—it's now the leading chain in units in that highly competitive market—Georgia, Mississippi, Alabama, Colorado, North Carolina and South Carolina, among others.

Service's showroom arm last year accounted for an estimated $1.6 billion in sales and all the company's profits. The firm's total volume was $1,656,922,000, a 13.6% jump from $1,458,098,000, while earnings of $44,576,000 was a slight dip from $44,869,000.

The infant MR. HOW Warehouse division—it had 12 stores, up from just two in 1983—last year had an estimated $50 million in sales, up from about $15 million. It had an undisclosed loss due to the cost of its startup operation.

Sales Estimated

The remaining approximately $6 million in volume last year came from 10 Computer Shoppes in four states, three Lingerie Stores in Tennessee and two Zimm's jewelry and giftware specialty stores in Nashville, businesses that the diversified cataloger doesn't expect to cultivate into major operations due to its explicit focus on the Service and MR. HOW Warehouse chains.

The company's plan for its showroom operation is more of the same—backfilling major markets with a combination of prototype 50,000-sq.-ft. stores and satellite scaled-down 30,000-sq.-ft. units to maintain the chain's dominant presence built up over the last decade. The showrooms will continue to rely on jewelry and giftware as the big profit categories and on housewares, sporting goods, toys and consumer electronics as the traffic producers.

The same program of rapidly unveiling a slew of showrooms in diverse markets as the base for future growth that resulted in Service's impressive nationwide expansion is now being followed for the MR. HOW Warehouse chain.

Service's chain of 12 warehouse home centers in operation at the start of the year will triple in count to 36 stores by the end of 1985 as at least 24 are unveiled.

That expansion will put MR. HOW Warehouse in a neck-in-neck race to be the second-largest warehouse home center chain with Builders Square, disconter K mart's warehouse operation which projects running a similar number of units.

MR. HOW Warehouse, however, will trail The Home Depot, the originator of the warehouse home center concept, in stores, with the latter expected to have almost four dozen units by the end of the year.

Mirroring the development of its showroom chain, Service is scattering MR. HOW Warehouses in a number of adjacent states while also concentrating units in key metro areas in an effort to be the first in each market to stake out a dominant position by having the greatest number of units there.

This related two-prong growth effort has seen MR. HOW Warehouse open stores in various cities in Florida and Georgia, Tennessee and Virginia, and New Jersey, Pennsylvania and Ohio while also umbrellaing such metro markets as Chicago, Cincinnati, Columbus, Ohio, Miami-Fort Lauderdale and Jacksonville, Fla., with multiunits—as many as a half dozen in Chicago by the end of the year with another two already set there for 1986.

Service executives see the MR. HOW Warehouse operation helping to even out the company's overall sales pattern by pumping in volume during the first half of the year to balance the catalog arm's heavy dollar flow in the second half of the year—particularly the last quarter.

Based on Service's record, this competition has helped to spark its showrom growth, and a similar readiness to go into markets eyed by other warehouse home center chains is evident for the MR. HOW Warehouse operation.

Raymond Zimmerman
Chairman, Service Merchandise

SERVICE
MERCHANDISE

Service Merchandise	Fiscal Year Ended 12/29/85	 12/31/83
Sales	$1,607,000,000*	$1,458,000,000
Earnings	44,600,000	44,900,000
Showrooms	175 (1/85)	158 (1/84)

**Doesn't include sales of H. J. Wilson or Ellman's, bought 6/85*

NOW SHOWING
PREMIER PERFORMANCE
THEATER STYLE
microwave
POPCORN

- New family-size portion
- No refrigeration required
- Convenient—quick and easy to use
- Out-pops all competition
- Unique packaging
- Theater Style popcorn
- Nutritional—popcorn and oil in separate packets
- Ideal for dieters
- Gourmet popcorn—developed for microwave
- Available in standard case pack, or attractive self-contained display merchandiser

WYANDOT®
Quality... Our Chief Concern
Wyandot, Inc., 135 Wyandot Avenue, Marion, Ohio 43302 USA
Phone: 614-383-4031 Telex: 246694POPCORN MAON

Bradlees Spreads to All But 2 Big Northeast Markets

9

BRAINTREE, Mass. — Bradlees has now tackled all but two of the major markets in the Northeast.

Once its recently announced move into Philadelphia/Wilmington is under way, Providence/Pawtucket and Long Island will be the only northeastern markets without Bradlees stores.

This year the $1.4 billion chain is once again invading new territory aided by a multistore acquisition. The recent purchase of 18 former Jefferson Ward stores in the Philadelphia/Wilmington, Del., market for a reported $75 million, combined with three previously planned openings there, will give the chain a 21-store market presence by the end of next March. The deal is effective this month but reformatting those stores into Bradlees units isn't slated for completion until next spring.

Since 1982, Bradlees' expansion has included other smaller multistore buys: a purchase of 11 former Two Guys stores—seven of those clustered in central New Jersey—and 10 former Memco stores which in 1983 propelled the chain into the Washington, D.C./Baltimore market.

By the end of this year Bradlees anticipates operating 157 stores in 10 states.

Bradlees started this fiscal year with 132 stores in eight states along the East Coast. During 1984 the chain opened six stores in existing markets—three in Massachusetts, two in Maryland and one in Virginia.

Increased Sales

Sales for 1984 of $1.4 billion represented a 19% increase over the year before; same-store sales were up 10%. Average store sales for Bradlees rose to $11.3 million from $10.2 million in 1983 thanks to a sales-per-square-foot increase to $161 from $147.

Although volume figures were up, the ratio of operating profits to sales slipped a bit last year. Operating earnings of $85.2 million in 1984 represented 6% of sales; in 1983 operating earnings were 6.8% of sales.

Responding to sluggish second-half sales which triggered markdowns last year, Bradlees has become more aggressive in everyday pricing on basic goods and more conservative on inventory levels.

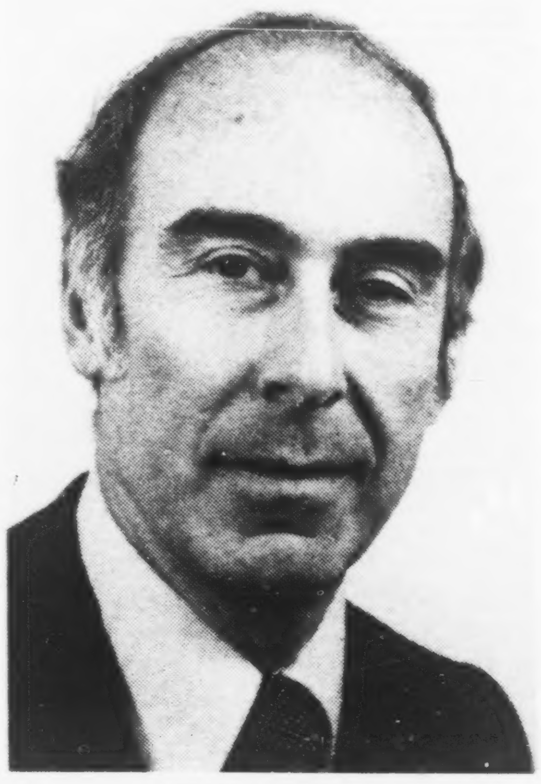
New data processing equipment, including point-of-sale registers now being tested in the chain's Hingham, Mass., store, should help inventory management as it moves chainwide.

This year the merchandising staff at Bradlees headquarters was reorganized to strengthen the chain's efforts and also to free president Harry Kohn to concentrate on real estate development, a company spokesman reported. George Granoff, who had been vp of home furnishings, sporting goods and toys, was named to the new position of senior vp merchandising, Braintree. All vp/gmm's now report to him instead of directly to Kohn.

Also this year the men's and boys' apparel category was given its own vp/gmm.

The Jefferson Ward purchase included nine stores in eastern Pennsylvania, seven in adjacent New Jersey and two in Wilmington, plus a 160,000-sq.-ft. distribution center in Burlington, N.J. Some of the units are larger than Bradlees' largest 90,000-sq.-ft. prototype. In those 120,000-150,000-sq.-ft. units, extra space will be subleased to other tenants.

Even as Bradlees reportedly becomes more competitive in pricing basics, the upscaling of merchandise presentation is ongoing. Late last year, the chain unveiled a "research and development" store in Framingham, Mass. In that store housewares had been revamped with displays almost void of traditional gondola shelves; expanded ladies' accessories departments updated by a drop ceiling with track lighting and segmented into five shops; an MTV-inspired juniors section with neon signage, bright white slat walls and wire crate fixtures.



Harry Kohn Jr.
President, Bradlees

Bradlees	Fiscal Year Ended 2/2/85	 1/28/84
Sales	$1,404,000,000*	$1,183,000,000
Operating Earnings	85,200,000	80,500,000
Stores	132 (1/85)	127 (1/84)

**Excludes leased departments*

3 ON THE MONEY.

10
5
Bill Gallo.

DISCOUNT STORE NEWS' EXCITING NEW 1985 HOUSEWARES SHOW PACKAGE* LETS YOU REACH YOUR PROSPECTS BEFORE, DURING AND AFTER THE SHOW.

Discount retailing accounts for $6.9 billion in housewares sales annually—35% of all retail housewares sales.

And the Housewares Show is the time all the discount retailers are looking at what housewares manufacturers have to sell.

Now you can bracket the Housewares Show with ads in 3 issues of DISCOUNT STORE NEWS. The Pre-Show, the Show issue and the Post-Show issue. And make sure they see your products:

BEFORE: When they are making their plans.

DURING: While they walk the show and are in a buying frame of mind.

AFTER: When they get back to their offices—to remind them to place their order.

Take full-page ads (minimum) in each of these 3 issues and earn a substantial discount.

This is a totally new program. A first for DISCOUNT STORE NEWS and a first for your industry. And your company.

Show off your wares. Reserve your space now.

*HOUSEWARES SHOW PACKAGE ISSUES AND AD CLOSING DATES:
OCT. 28/OCT. 1
NOV. 11/OCT. 16
NOV. 25/OCT. 30

Discount Store News.
THE NEWSPAPER OF DISCOUNT RETAILING
THE NEWSPAPER OF THE BIG LEAGUE CHAINS
Fred Filer, Publisher
Sales Offices
425 Park Avenue, New York, NY 10022 (212) 371-9400
1 Gateway Center, Newton, MA 02158 (617) 527-6394
444 N. Michigan Avenue, Chicago, IL 60611 (312) 644-8688
606 N. Larchmont Blvd., Los Angeles, CA 90004 (213) 464-8321
Lebhar-Friedman, Inc. The Voice of Retailing.

Gemco Bolsters Stance as One-Stop Shopping Biggie

10

BUENA PARK, Calif. —Having opened its two newest prototypes earlier this year, Gemco has moved deeper into better positioning itself as a California one-stop shopping powerhouse.

Over the last several months, the $2.3 billion (including supermarket sales) chain has added new top management, restructured its buying organization, begun experimenting with electronic point-of-sale data collection, and moved to streamline its sales floors, all with a mind toward improving productivity.

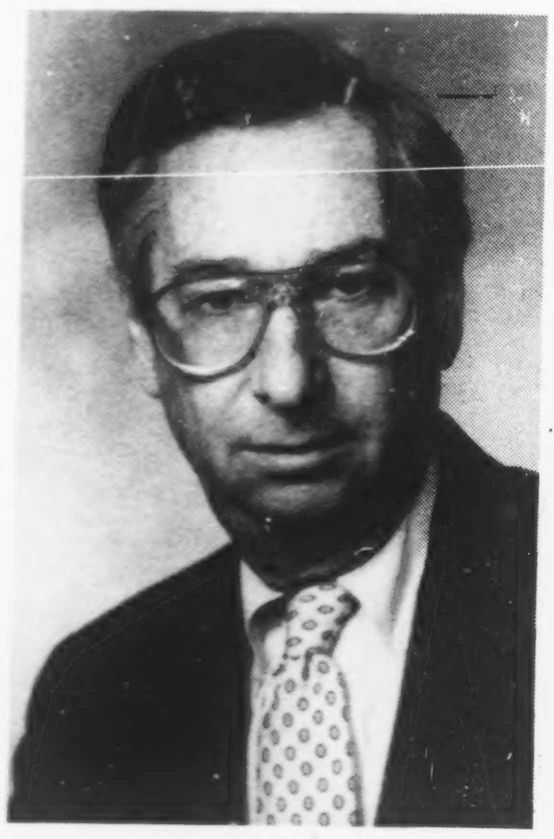
Leading the reorganization is Stan Brenner, who was brought in last February as president of Gemco. Brenner has begun assembling a new team to strengthen what he admits is an apparel assortment that is weak in fashion and in competitive price points, and to give added emphasis to home fashion business. To facilitate this shift in merchandising emphasis, the hard lines merchandising division was split into separate home store and hard line staffs.

In the two prototype stores, unveiled earlier this year in Rowland Heights and Encinitas, Calif., the chain has for the first time installed IBM scanning equipment at the front end, where, also for the first time, the chain offers a single bank of registers for checkout of both food and nonfood items. Older stores use scanning only in supermarket departments.

Ongoing evaluation of the two prototypes will help chain executives determine which key elements can be taken into older Gemco stores.

The chain also announced plans to open one more store by the end of this year, and two more in 1986. However, chain executives have identified improvement in existing stores' sales as their primary focus.

Gemco reported an 8.9% sales gain for the last completed fiscal year, but operating income decreased 52% to $22.8 million from $47.5 million for the previous year.



Stanley Brenner
President, Gemco

Gemco	Fiscal Year Ended	
	2/3/85	1/29/84
Sales	$1,247,000,000	$1,153,000,000
Operating Earnings	12,700,000	47,500,000
Stores	77 (1/85)	76 (1/84)

Management attributed this decline to an 11-week pre-Christmas strike of Gemco employees in southern California and the increased overhead expenses associated with investment in merchandising systems and staff.

These results follow several troubled years during which time Gemco was retrenched into its California markets (although stores still operate in Arizona and Nevada).

Its East Coast Memco division was shuttered late in 1982, and, following the 1983 Christmas season, six Gemco stores in Houston were closed, too.

In the meantime, Gemco has had to face stiffer competition in its home court, California, especially from Minnesota-based discounter Target, as well as from specialty off-pricers like Mervyn's and the wholesale warehouse operator, The Price Club.

After more than two years of testing various presentations and adjacencies in six "preprototype stores," chain officials said they designed the two stores with adjacencies that follow more traditional discount store lines, with hard lines and soft lines grouped together, each on one side of the store. A central checkout system and a trendy deli/bakery/seafood counter targeted at younger professional consumers, was also added.

More Important Role

The supermarket was given a more important role with a new center-of-the-store position marked with neon graphics.

To support women's apparel, jewelry, cosmetics, hosiery, handbags and accessories were brought into neighboring positions. The upfront and department-store like presentation of the categories give the stores a fashion-forward lead-in.

Previously dispersed consumer electronics classifications are now located together across the aisle from major appliances.

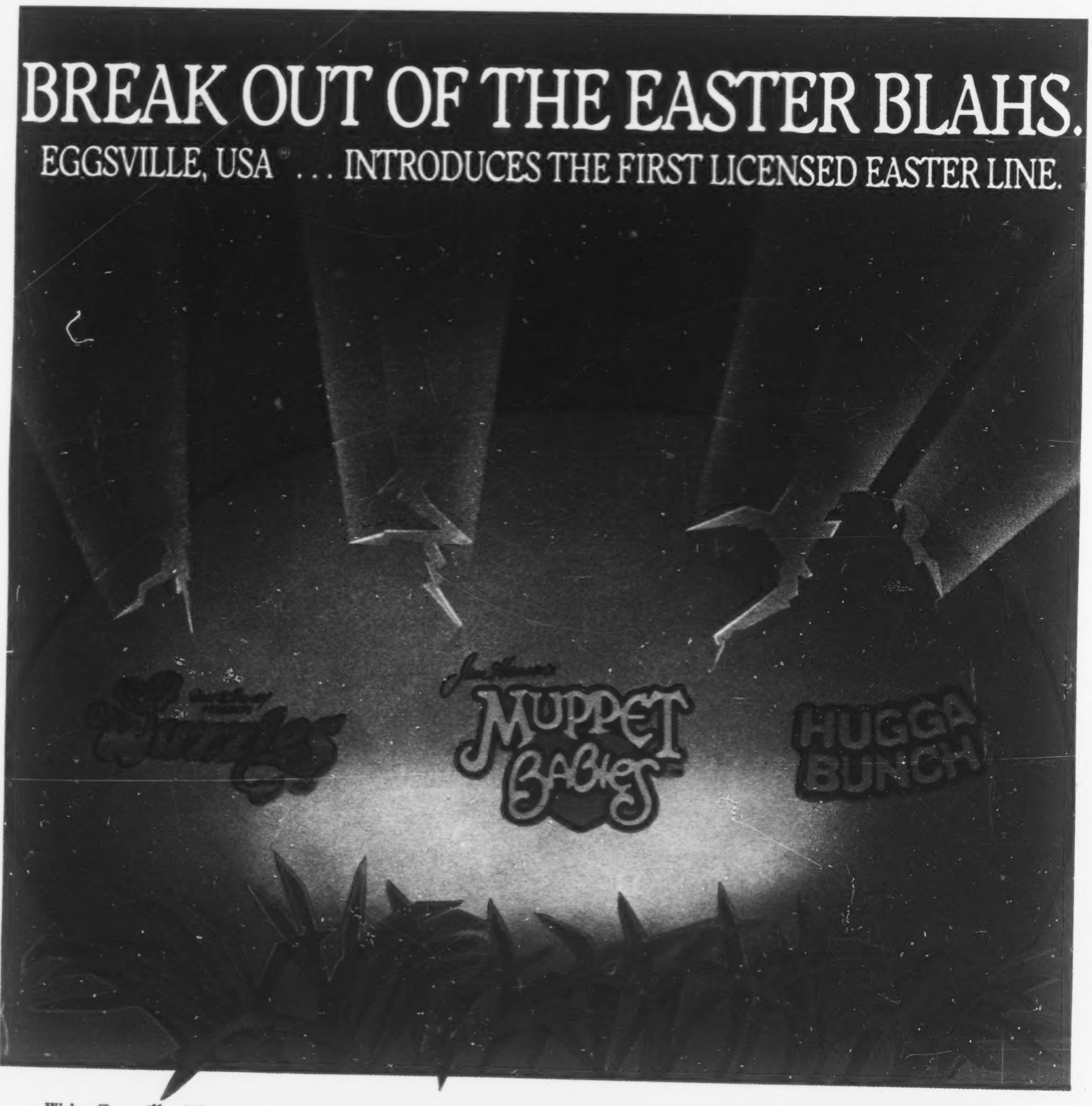
Domestics and housewares are now merged, forming a home area bordering the main aisle.

Other changes in the store include the addition of the Cashex electronic check authorization system, already installed in several other units, which should further speed customer checkout.

—Tonnage health & beauty aids have been separated from cosmetics and relocated in the supermarkets to be sold as commodity items along with paper goods. In older stores, the items were double-stocked at the front of the store and in grocery.

—A display area was established for special promotions at the center of the main aisle between housewares, domestics and apparel.

—The fashion approach to home fashion categories is carried over into the produce area. The neon lit "Farm Fresh" display suspended over the produce area is visible from any point of the store.


BREAK OUT OF THE EASTER BLAHS.
EGGSVILLE, USA® . . . INTRODUCES THE FIRST LICENSED EASTER LINE.
Wuzzles
Jim Henson's
MUPPET BABIES
HUGGA BUNCH

We're Eggsville, USA . . . Our 1986 product line includes the hottest licensed characters: Wuzzles,™ Hugga-Bunch,™ and Muppet Babies™ . . . licenses that match the traditions of Easter and will give you the sell-through you've come to expect from the strongest licenses.

But a popular Easter character also needs enthusiastic "kid appeal." So we offer creative, innovative product ideas and packaging. This year's creations for Easter include:

• Egg Decorating Kits • Easter Stick- ons 'N' Eggs • Filled Baskets • Easter Baskets

This exciting collection of licensed Easter toys is designed to sell itself. Our Easter licensing is supported by massive advertising and media campaigns. Over $45 million on a heavy schedule of TV commercials, Saturday morning television, TV specials, and extensive consumer promotions. As the exclusive Easter toy company sponsor of Easter Seals, we reach 50 million people through the telethon which stars Pat Boone. Break out of the Easter blahs with a creative, licensed line of Easter toys backed by millions of dollars in advertising and media.

To be a part of our success story, call Marshall Daniel, Vice President of Sales (913/384-2173), or your Eggsville USA representative.

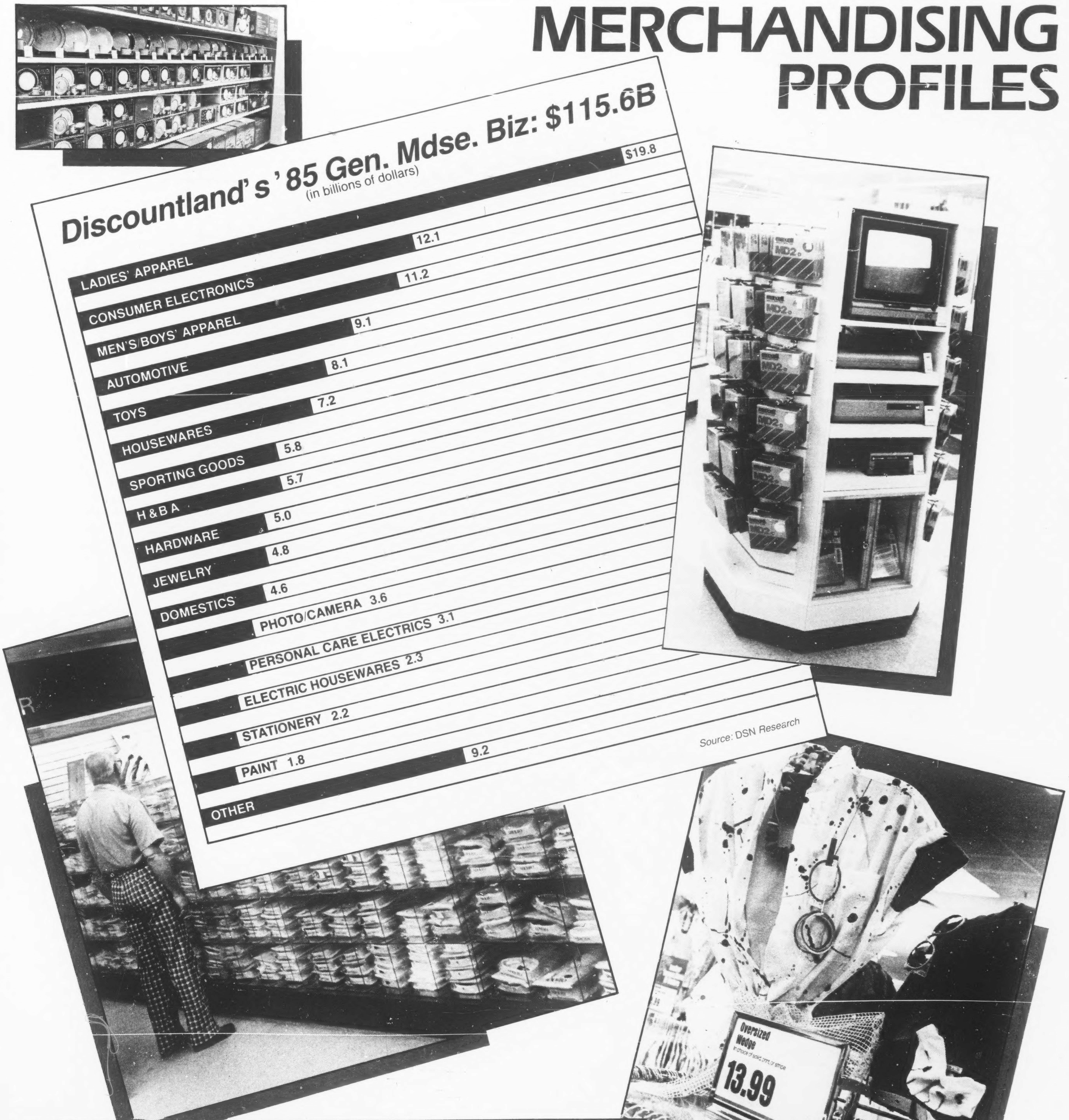
Eggsville, USA®

Home of the Peoria Plastic Company

WUZZLES™ © 1985 Hasbro Bradley, Inc. – Walt Disney Productions
HUGGA BUNCH™ © 1984 Hallmark Cards, Inc.
MUPPET BABIES™ Henson Associates, Inc. © 1985

CENSUS '85/'86

MERCHANDISING PROFILES



Discountland's '85 Gen. Mdse. Biz: $115.6B

(in billions of dollars)

Source: DSN Research

Discount Department Store Productivity

Category	Discount Volume in Billions	Sales Per Store in Thous.	Dept. Size Sq. Ft.	Annual Sales/ Sq. Ft.	Annual Turns	% Initial Markup	% Gross Margin
Women's Apparel	$15.0	$1,838	10,000	$184	4.7	48.1	37.4
Men's & Boys' Wear	8.7	1,066	7,710	138	3.5	43.9	34.6
Housewares	6.6	809	5,760	140	3.0	41.0	31.3
Consumer Electronics	6.1	747	2,300	325	2.8	31.0	19.5
Health & Beauty Aids	5.7	698	3,140	222	4.5	26.6	21.9
Automotive	5.3	649	2,300	282	2.7	34.1	26.9
Hardware	4.9	600	3,210	187	2.4	40.2	31.9
Toys	4.3	527	2,570	205	3.2	36.9	27.9
Sporting Goods	3.9	478	2,500	191	2.0	35.8	27.4
Domestics	3.4	417	3,130	133	2.7	44.21	34.1
Photo/Camera	3.3	404	675	599	2.8	25.12	18.0
Personal Care	2.9	355	800	444	3.0	29.7	20.1
Stationery	2.2	270	1,865	146	3.5	47.0	41.4
Paint	1.8	222	1,200	185	2.9	44.2	35.5
Electric Housewares	1.7	210	855	243	3.1	34.0	23.7
Jewelry	1.5	184	590	312	2.1	49.2	38.1
Glassware	0.7	86	590	146	3.8	40.0	32.7

INDEX

Automotive 98
Children's Wear 95
Consumables 123
Consumer Electronics . 116
Domestics 120
Electric Housewares . . 102
Hardware 100
Health & Beauty Aids . 112
Housewares 102
Jewelry 110
Ladies' Apparel 121
Lawn & Garden 107
Men's/Boys' Wear 104
Paint 100
Personal Care Appl . . . 109
Photo/Cameras 118
Sporting Goods 92
Stationery 92
Toys 115

CENSUS '85/'86

Merchandisers Eye Repositioning of Exercise Gear

Nationwide DSN Report

Discount merchandisers are looking for ways to reposition their exercise equipment selections in the wake of flattening sales in the category that some blame on a move to overly sophisticated merchandise with overly healthy price points.

Meanwhile, sporting apparel, in some cases cross merchandised with the general apparel departments, continues to show impressive performance. At the same time, fishing equipment continues to be a solid revenue producer for many chains.

As exercise equipment has become more sophisticated—incorporating such features as pulse monitors, dial-in weight resistance selection, for example—prices in many cases have been blown out of many discount merchandisers' comfort zones.

Many merchandisers agree that anything with a price tag over $200 requires, among other things, aggressive, knowledgeable help on the sales floor. Realistically, they also know that they aren't about to get that help.

One West Coast chain executive noted that his sales in the last quarter of 1984 ran behind the previous year's performance and blamed it on the inability to supply adequate sales help on the floor.

Strategies vary. S. E. Nichols planned to eliminate merchandise with price tags over the $200 mark for the rest of this year, after having followed the consumer trend last year well above that figure.

One major East Coast chain has been trimming sku's in exercise, dropping his selection of benches from five to three, and chopping his exercise bike collection from six to four models. However, in both cases, he was merely thinning his selections while maintaining the same basic spread of prices. Benches remained in the $60 to $140 range, while the bikes still run from $89 to $199.

As they struggle to restrategize, the chains are also struggling with growing margin pressure as the competitive environment heats up.

The chains are using sporting apparel in a two-pronged merchandising strategy. While they are being used to generate significant volume, the various shirts, shorts and warmup items are also being exploited for their fashion value.

A prominent example of the way the category is scoring a double play is at Connecticut-based Caldor, where store traffic patterns take the shopper through apparel before they reach such things as exercise equipment.

For the fall, the chain is aiming to develop a sportwear mix that relied evenly on men's and women's fashions. Previously, men's apparel accounted for 70 percent of the mix.

As the chain moves toward that increased fashion approach, it is also upping the percentage of business devoted to branded merchandise. Brands are accounting for approximately 50% of the mix now, with such names as Wilson and Spaulding mixing with the chain's "On the Move" label.

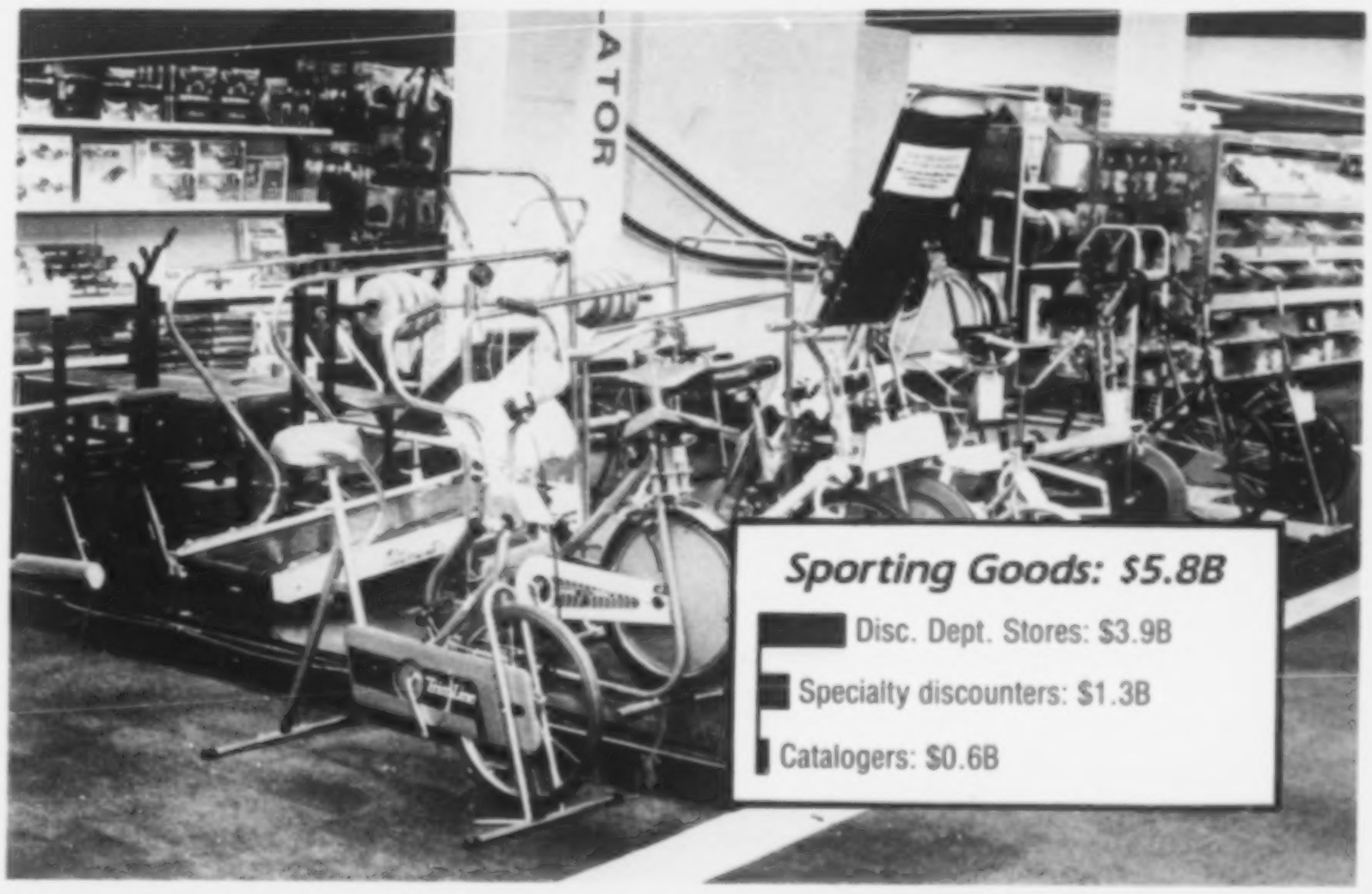
Fishing equipment, a mainstay for many chains, is being stimulated by more innovative packaging and presentation of such items as reels. The retailers are also widening assortments on most of the main traffic-build-ing fishing products, including tackle boxes and rods, along with the reels.

At Ames, virtually all the chain's fishing equipment is now coming under a blister pack program for self-service. Similarly, T.G. & Y. has established a policy that pulls all fishing merchandise out from behind counters into a total self-service environment.

Discount retailers have also renewed their emphasis on packaged rod-and-reel combinations. While many of those programs were debuted last year, several chains have expanded their assortments this year, in some cases customizing their own packages with manufacturers.

The rise in prepackaged combinations has taken them out of the realm of being merchandised only as starter sets for children at bottom price points. Most now pinpoint $20 for a combination as the volume-producing price point.

In some cases, retailers have projected double-digit increases in fishing merchandise for the current year.



Discount Department Store Productivity

Sales	$3.9B
Sales per Store	$478,000
Dept. Size	2,500 Sq. Ft.
Sales/Sq. Ft.	$191.20
Turns	2.0
Initial Markup	35.8%
Gross Margin	27.4%

Home-Office Proliferation to Help Drive Stationery Biz

DSN Nationwide Report

The continuing proliferation of home offices and small businesses is expected to be a major force behind stationery sales in discount department stores this year.

At the same time, the ongoing baby boom is driving sales of basic stationery supplies to school-bound consumers, although licensed portfolios, theme books and bookbags are losing some of their appeal with buyers.

The home office business is a solid generator of repeat sales. As one Heck's buyer commented: "Each shopper who buys a file cabinet from us [at 40% margin] will return to buy at least $50 of supplies in the following year."

Some chains, including Bradlees, Caldor and Ames, are adding fashion appeal to traditional office supply assortments with color-coordinated displays and mock-office settings.

Along with file cabinets and standard office paper supplies like folders and copy machine paper, some chains also are testing computer related supplies.

K mart, for one, began a test of computer supplies such as paper, discs and mailing labels in 100 stores. In 30 of its stores selling computers, Jamesway offers a limited assortment of computer paper and binders, diskette files and cases.

Most discounters, though, continue to take a more basic approach to selling school supplies, concentrating as usual most of their promotional efforts on the fall back-to-school (BTS) season.

Filler paper will remain the department's key promotional BTS items this fall. Many buyers say costs have stabilized after last year's 15% to 20% hike.

Some of them believe paper costs might drop back as much as 5% for BTS as domestic manufacturers struggle to fend off imports from Brazil and Mexico. This, in turn, may lead to a rerun of last year's retail price wars in which 200-count paper sold for as little as 29¢ to 39¢ per pack.

Theme books in 40-, 50-, 70- and 80-counts, portfolios and trapper keepers are expected to pick up some of the profit lost on filler paper promotions.

Basic theme books will continue to be footballed, with 70-counts promoted at 49¢ to 79¢ in most markets. But higher margin novelty paper products, as well as bookbags, will still play an important role in BTS sales.

This fall's strategy for selling portfolios, theme books and bookbags featuring licensed characters will change, with many discounters planning to almost slash in half the number of licenses featured in the stationery section last year.

Instead of offering up to a dozen different character licenses for BTS, buyers are shaving assortments to include only four or five of the newest and most popular licenses. Transformers, Rainbow Brite, Cabbage Patch and Wuzzles, along with staple licenses like Peanuts characters and Garfield, are popular choices.

Buyers say last year's sell-throughs on licensed goods fell short of expectations because of poor timing: many didn't reach the stationery section until after the clamor for them had subsided.

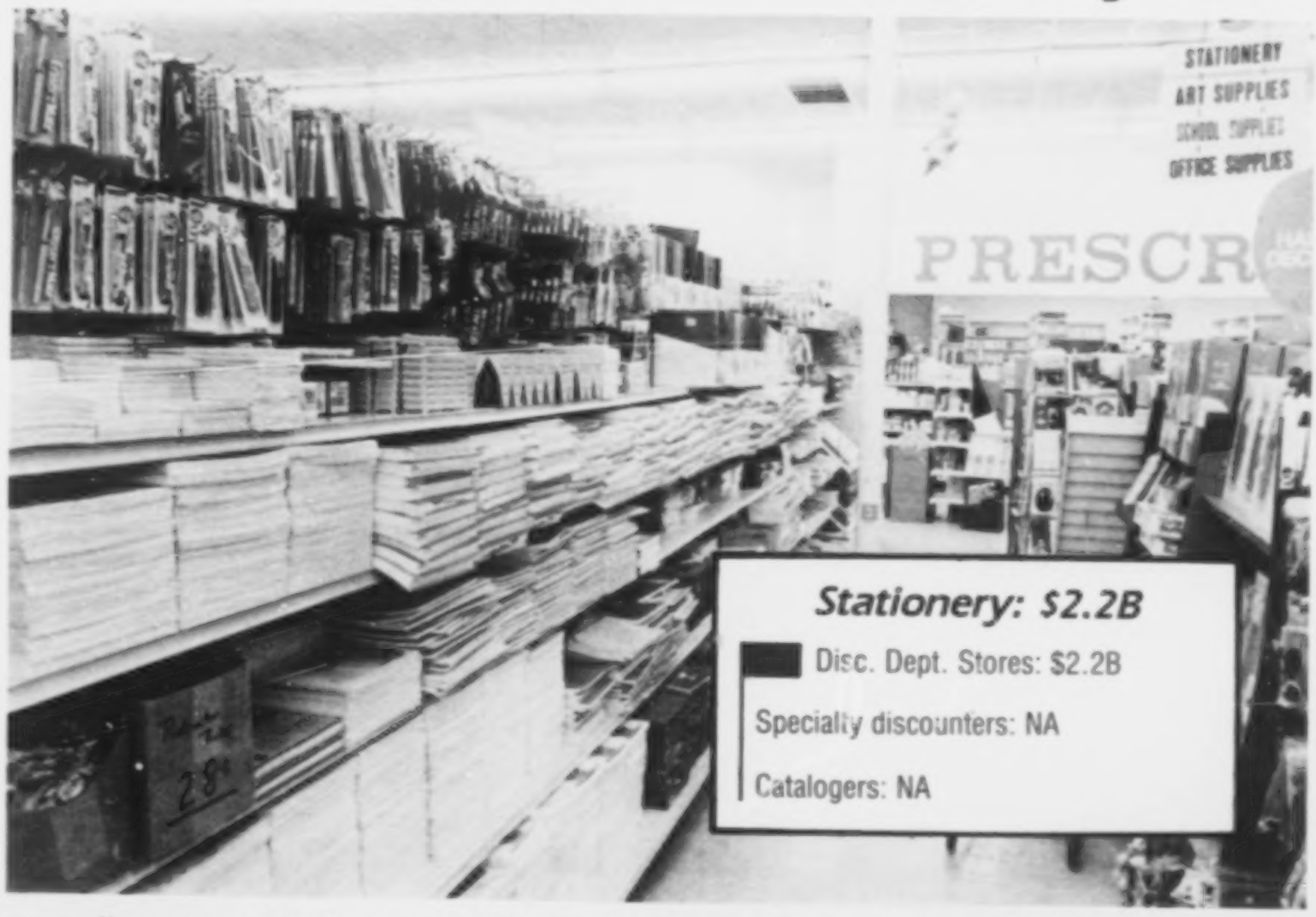
Discounters are also beginning to explore other options for offering high margin school supplies to novelty-seeking consumers. This fall, Richway plans to add hologram cover fashion portfolios and theme books to be priced at $1.29—the same price as its licensed 50- and 60-count theme books—to capture some of the older children's market, a market juvenile character licensing does not reach.

Gold Circle is trying to appeal to the older children and young teen market, too, with neon, paracloth and leather-look roll bags ranging in price from $5.99 to $8.99.

Following apparel trends, the most popular colors for nylon and canvas knapsacks are expected to be grays and plums, along with the usual favorites, black, silver, red and blue.

In writing instruments, buyers foresee no promotional surprises, and are sticking with aggressive promoting of multipack pencils and pens.

For example, for BTS Heck's is planning to offer three packs of 10-count pencils for $1; a three-count pack of eraseable pens for $1, and two packs of eight drawing or coloring markers for $3.



Discount Department Store Productivity

Sales	$2.2B
Sales per Store	$270,000
Dept. Size	1,865 Sq. Ft.
Sales/Sq. Ft.	$144.77
Turns	3.5
Initial Markup	47.0%
Gross Margin	41.42%

Potential Seen High For Children's Wear

Nationwide DSN Report

Children's wear promises to be one of the more upbeat apparel categories, with many retailers optimistic about growth opportunities throughout the 1980's.

Fashion trends point in their favor. Powerful licensing sales continue to rejuvenate infants', toddlers' and girls' clothing through size 6x each season; and sizes 7-14 are gaining fashion momentum as juniors' trends continue to funnel their way.

In addition, baby boomlet demographics paint a rosey kid's wear picture for the next five to 10 years. The U.S. Bureau of Census projects the number of births will peak at 3.9 million in 1988, with an average 3.7 million expected to be born each year through the early 1990's.

Not only do the numbers favor the children's wear category, but an economic portrait of their parents—who are increasingly having fewer kids at later ages when their earnings are strongest—suggests a very ripe market.

One of the most aggressive specialty retailers on the children's wear trail is Kids "R" Us. The Toys "R" Us offshoot, concentrated in Metro New York, will have 26 stores under its belt by year's end, including market debuts in Philadelphia and Baltimore.

Toys "R" Us chairman Charles Lazarus recently said the off-price apparel chain will someday be bigger, in terms of units, than his 200-store toy chain. He also predicted Kids will eventually stand among the top five children's wear specialty chains.

More Stores

On the West Coast, Woolworth's off-price Kids Mart operation is also expansion bound. The chain started the year with 167 units after opening 47 last year. By year's end there should be 202 Kids Marts.

Catalogers—from big chains such as Best to regionals such as David Weis—are also getting into the act, with many increasingly using the category in conjunction with their juvenile furniture offerings.

In fact, Des Moines-based Ardan debuted its first line of infants'/toddlers' clothing and crib sheets in its first 1985 catalog.

Meanwhile, in K mart's storewide apparel overhaul, children's wear received its fair share of upgrading. For example, in girls' dresses, the Troy, Mich.-based operation has been trading up customers to higher price points and fashion. More bright primary colors and fewer dark plaids spruced up last fall's BTS line-up when sales in the category jumped 27%.

Based on the same fashion forward formula, the company has similar plans for fall 1985. It's projecting another 20% increase for BTS.

Meantime, discounters nationwide report licensing continues to pipe fresh blood into basic children's wear—especially sleepwear, underwear and fleece.

At Caldor, for example, licenses now account for as much as 75% of the girls' pajama lineup.

Bradlees, in contrast, keeps its licensed sleepwear down to a more conservative 30%.

One of the hottest juniors'/young men's licenses for 1985 is Mickey Mouse, which also promises to spur girls' and children's wear sales as well. At K mart and Caldor the trend is expected to continue for back-to-school and the holiday season.

Important lessons children's apparel buyers have learned in dealing with these volatile licenses include the following: order as close to the selling season as possible; shy away from licensed ready-to-wear, and judge licenses on their graphic merit, apart from other financial considerations.

At New York City-based S. E. Nichols, the Mary Lou Retton line is on the running board for late BTS and holiday. This relatively high-end program—with fleece sets for big girls priced at $22—reflects the company's overall trade-up strategy in apparel.

A baby boomlet is brightening the prospects for children's wear sales. Discount department stores and catalogers tend to relate apparel for infants' and toddlers' to juvenile furniture. Shown is Venture, Bridgeton, Mo.

(DSN photo)

←12"→

TINACTIN® GIVES YOU MORE SHELF PROFITS PER FOOT

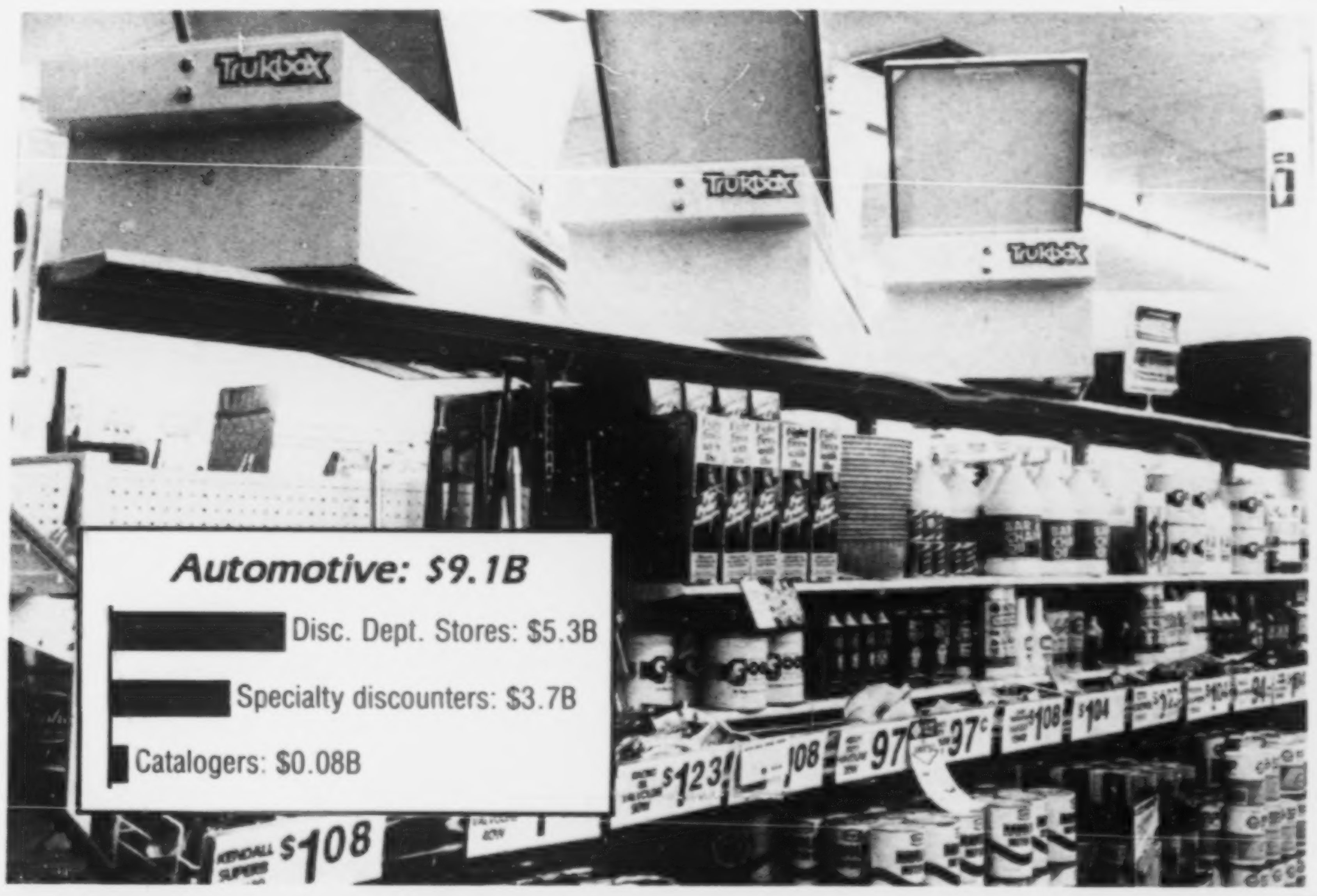
So, it only makes sense to add on another facing of Tinactin, America's top-selling Athlete's Foot remedy.

Tinactin gives you the high return on shelf footage you need to deliver healthy profits. In fact, compared to the next best-selling brand, Tinactin cream brings a 16% higher return for sales per point of distribution. And, there's more...

The whole Tinactin line grew by leaps and bounds in 1983. Tinactin grew an amazing 31%, in a category that grew 19%. And, Tinactin Aerosol Powder soared 46% in sales over 1982.

Adding more space for Tinactin today would be a giant step toward increased profits, tomorrow. Syndicated data on file

Schering © 1984 SCHERING CORPORATION 2070-2849



Discount Dept. Stores Rework Automotive

Nationwide DSN Report

Discount department store retailers, faced with mounting competitive heat in automotive from specialty chains—along with newer entrants such as drug stores, supermarkets and home centers—are fighting back with merchandising programs designed to reduce customer confusion.

Most of these efforts, visible at chains such as Caldor, Zayre, T.G. & Y. and Murphy's Mart—are designed to make car care shopping easier. The companies are seeking to serve more female customers, as well as males who are unfamiliar with automotive products.

At the same time, some chains are beginning to move into merchandise assortments aimed specifically at owners of small trucks.

To combat the mounting competition industry merchandisers are renovating their departments with more modular displays than they used in the past, creating departments with upgraded, new looks.

At Caldor and Bradlees, for instance, traditional merchandising patterns that previously had goods from several vendors interspersed have been replaced by long modular runs, with goods from each supplier displayed separately.

The strategy at T.G. & Y. has been to cut back on sku's, particularly in the cleaning and polishing categories. While part of an overall chain strategy to trim assortments, the reduction in these car care items also reflects the company's efforts to ease growing consumer confusion.

The chain eliminated some 31 sku's in the car cleaning and waxing area during the first quarter of the year, leaving 20 on the shelf. Close inventory tracking revealed the 12 top-selling waxes were traditional basics. Only one of them was a new product.

Apart from reworking its assortments, the Oklahoma City-based retailer has also revamped its adjacencies in the department.

At other chains, the more fashion-oriented goods—such as floor mats, seat and wheel covers, are being heavily promoted to sharpen their competitive images with consumers.

One prominent example is seat covers. At Caldor, for example, all seat covers are placed on sale at 20% off every six to eight weeks, followed by a promotion of one item from the assortment a few weeks later. Regular prices from tweeds to synthetic sheepskins range from $14.99 to $32.99. Sale prices run from $11.99 to $26.39.

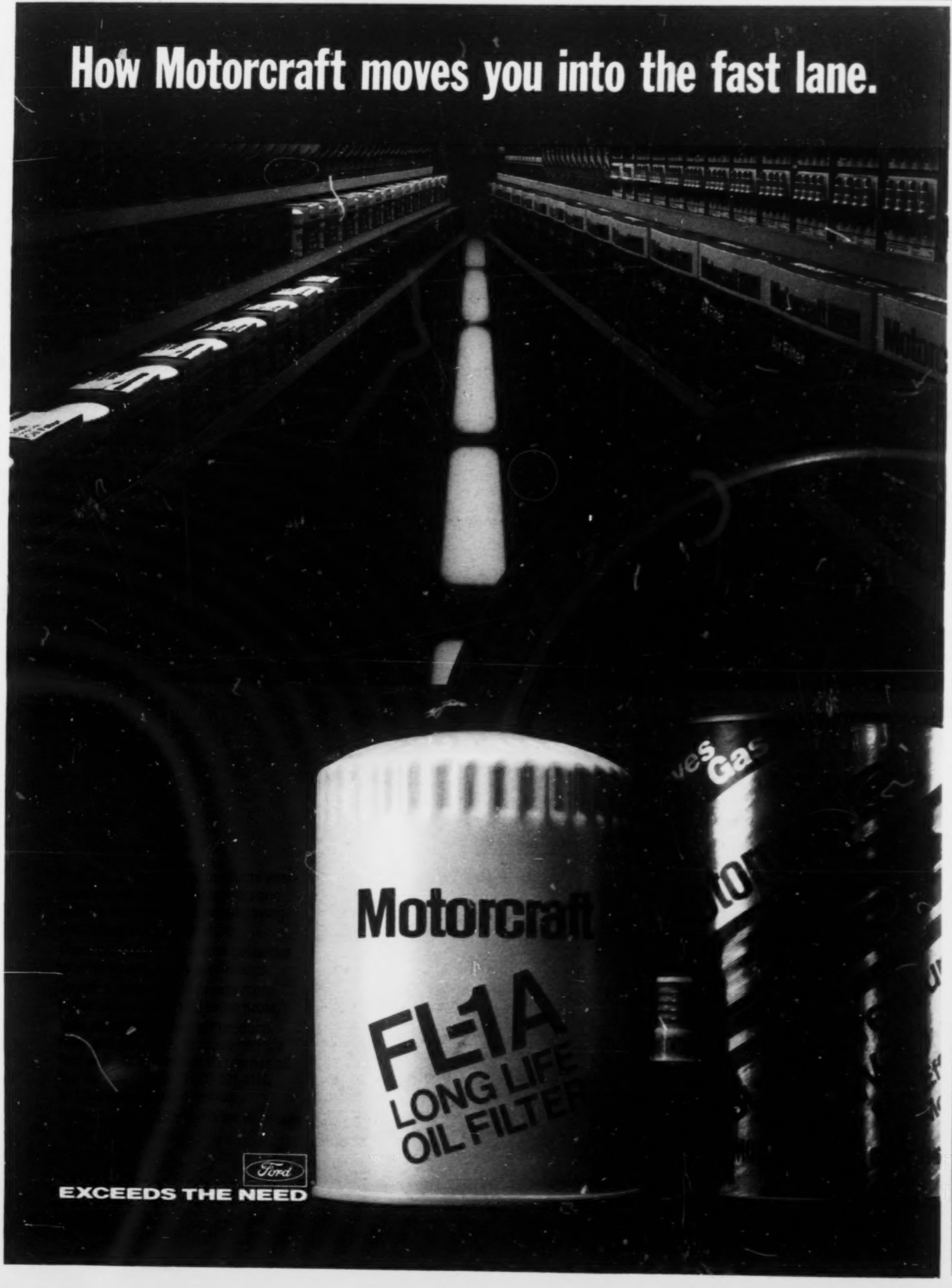
On a recent ad Bradlees promoted its simulated sheepskin seat covers for $7.99, including a $2 manufacturer's mail-in rebate. In the same ad it also promoted its "entire stock of automotive floor mats" for 25% off. Goods regularly priced from $2.49 to $29.99 were on sale for $1.87 to $22.49.

Similarly, Zayre recently advertised its velour seat covers for $16.88, a $5.11 savings, according to the ad copy.

While these trendier dress-up goods are expected to perform well throughout 1985, discounters can expect the bulk of car care sales to continue to come from the basics—waxes, chemicals and polishes.

Discount Department Store Productivity

Sales	$5.3B
Sales per Store	$649,000
Dept. Size	2,300 Sq. Ft.
Sales/Sq. Ft.	$282.17
Turns	2.7
Initial Markup	34.1%
Gross Margin	26.9%



Home Security Gains; Female Patron Hardware Target

Nationwide DSN Report

Discounters are beefing up their merchandise selections and promotional plans for home security equipment in an effort to take advantage of growing consumer awareness of the category.

Overall, many discounters are making a concerted effort to expand the marketing base for their hardware departments by trying to lure more female shoppers into the traditionally male-dominated section. In many cases, merchants are paying more attention to home decorative items, along with an increased commitment to name brand merchandise to appeal to female consumers.

While hardware remains the proverbial nuts and bolts business, increasing consumer consciousness of home security is expected to lock up higher sales for the coming fall season and beyond. Richway, for example, is taking a major position in the merchandise "to build security as a category of the future," said a chain spokesman.

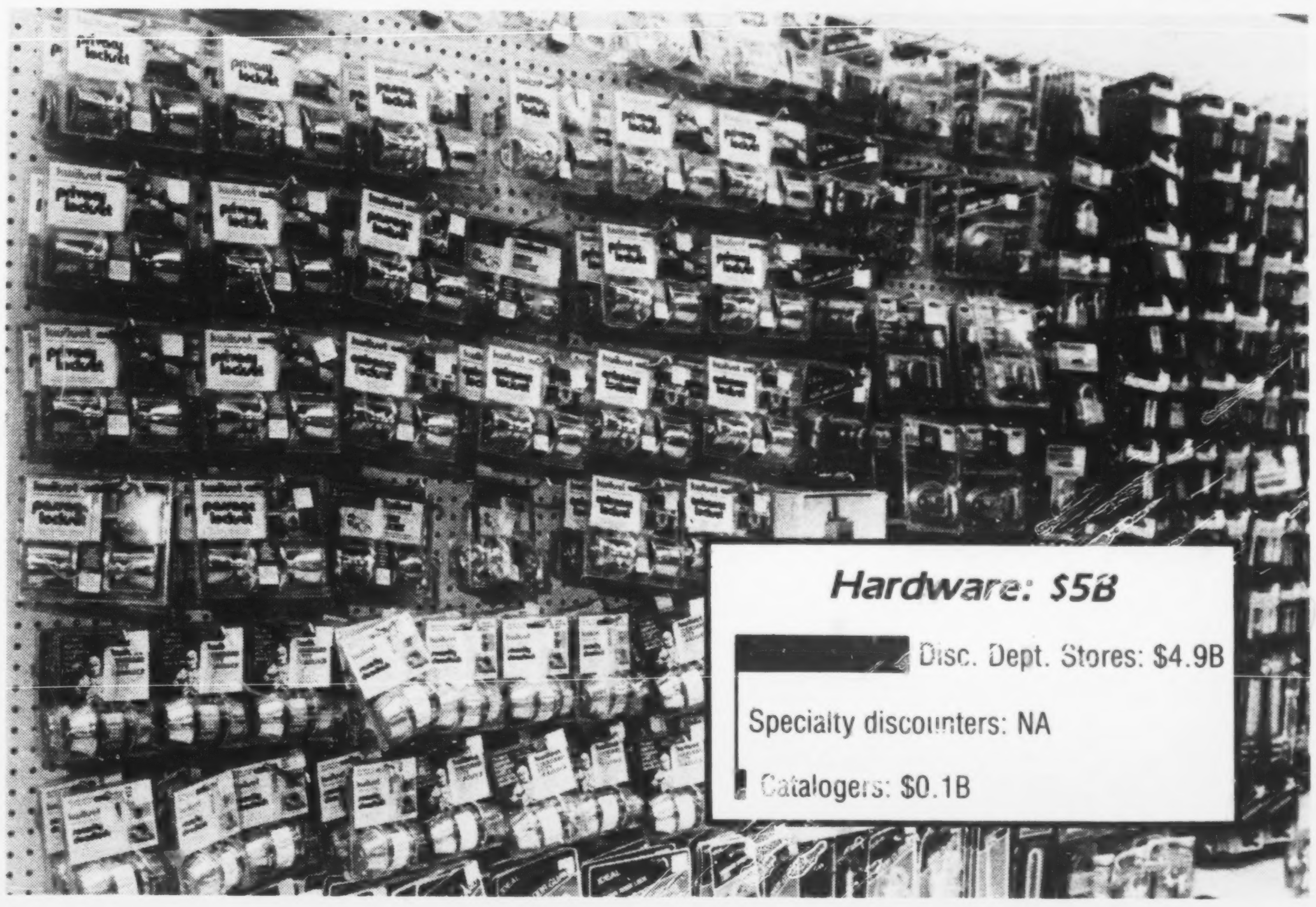
Measures already taken by Richway include expansion of shelf space for locks from 4 ft. to 8 ft in key volume stores to introduce a new import program in entrance and deadbolt locks priced between $9.99 and $12.99. The chain has also increased the advertising space allotted to locks to gain more visibility in the business. By moving some classifications, the chain has created a 48-ft. home security area.

Other security categories such as outside lights and smoke detectors are also being highlighted. Buyers at the National Home Center Show predicted that promotional packages that include deadbolt lock, smoke alarm and home fire extinguisher should be popular this fall. Some of the push toward such items is coming not only from the merchants, but also from insurance firms, who are offering various policy discounts for installation of the items.

Lights have been cited by some buyers as having the potential for solid increases for the fall. A key factor in that category is an increasing number of mercury vapor and quartz outdoor lights that are being packaged for the mass market.

However, the home security expansion can have its pitfalls, as vendors who are unfamiliar with the mass market move in. Richway, for example, has had to postpone a test of an over-$200 burglar alarm system because of delivery problems.

One of the most active chains in trying to bring home decorating items into the department is K mart, which has established more than 200 Home Care Centers, and plans to open approximately 100 more such units in its stores each year.



Items such as wallpaper, bathroom fixturing and closet accessories have been brought into the departments, which open earlier than the rest of the store on weekends and have staffed service desks. That operation, and other discounters' efforts in the field have been inspired by increasing competition from home center chains for the DIY consumer.

The competition for the female consumer has also had some chains bulking up their departments with more and more branded items, which executives feel offer a security blanket to mass merchandise shoppers. Concurrently, some chains, such as Danner's, have dropped larger open stock items such as lumber and some plumbing products from their departments.

One chain that is bucking the trend toward trying to attract more women is Philadelphia-based Clover, which recently ran a steady ad blitz designed to cement its standing in basic categories such as tools, electrical goods, plumbing equipment and nails and screws. The chain felt that women shoppers were already coming to the store, but that males needed to be convinced that Clover has the depth in hardware they seek.

For the most part, discounters are keeping their sku counts stable, but are redirecting the emphasis within those parameters. Heck's, for example, plans to weed out product duplication as part of a modularization of the hardware departments, and will substitute a beefed-up home security category with the freed up purchasing opportunity.

Discount Department Store Productivity

Sales	$4.9B
Sales per Store	$600,000
Dept. Size	3,210 Sq. Ft.
Sales/Sq. Ft.	$186.91
Turns	2.4
Initial Markup	40.2%
Gross Margin	31.9%

Sundries, Power Applicators Make Paint Dept. Splash

Nationwide DSN Report

Sundries and power applicators have become the most exciting elements of most discounters' paint departments.

Indeed, while some discounters have tried to improve paint profit pictures through private label or special early-buy programs from national suppliers, paint, the mainstay of this colorful department, remains its own poorest profit performer.

Some retailers have reported single-digit margins in paint, which has become little more than a space-intensive loss leader for many chains. On the healthier side stand sundry margins—averaging 50%—and the relatively new power rollers and sprayers where retailers are maintaining 30% margins, on average.

Over the last 20-odd months retailers have reported terrific sales from the many power paint rollers and sprayers on the market. Already, the competition is hot, with a growing roster of manufacturers on the scene and prices and margins coming down.

For example, in a recent ad, Braintree, Mass.-based Bradlees promoted Campbell Hausfeld's "Paint Pal" system for $79.99. It is regularly priced at $89.99 and features a $10 manufacturer rebate. Similarly, Worthington, Ohio-based Gold Circle promoted its Wagner 200 power painter for $79.99, also with a $10 manufacturer rebate.

The future of this category is virtually an open canvas, since the market of some 80 million American households has barely been scraped. Power roller sales, however, are expected to exceed those of the sprayers because most consumers prefer to roll on paint, observed one retailer.

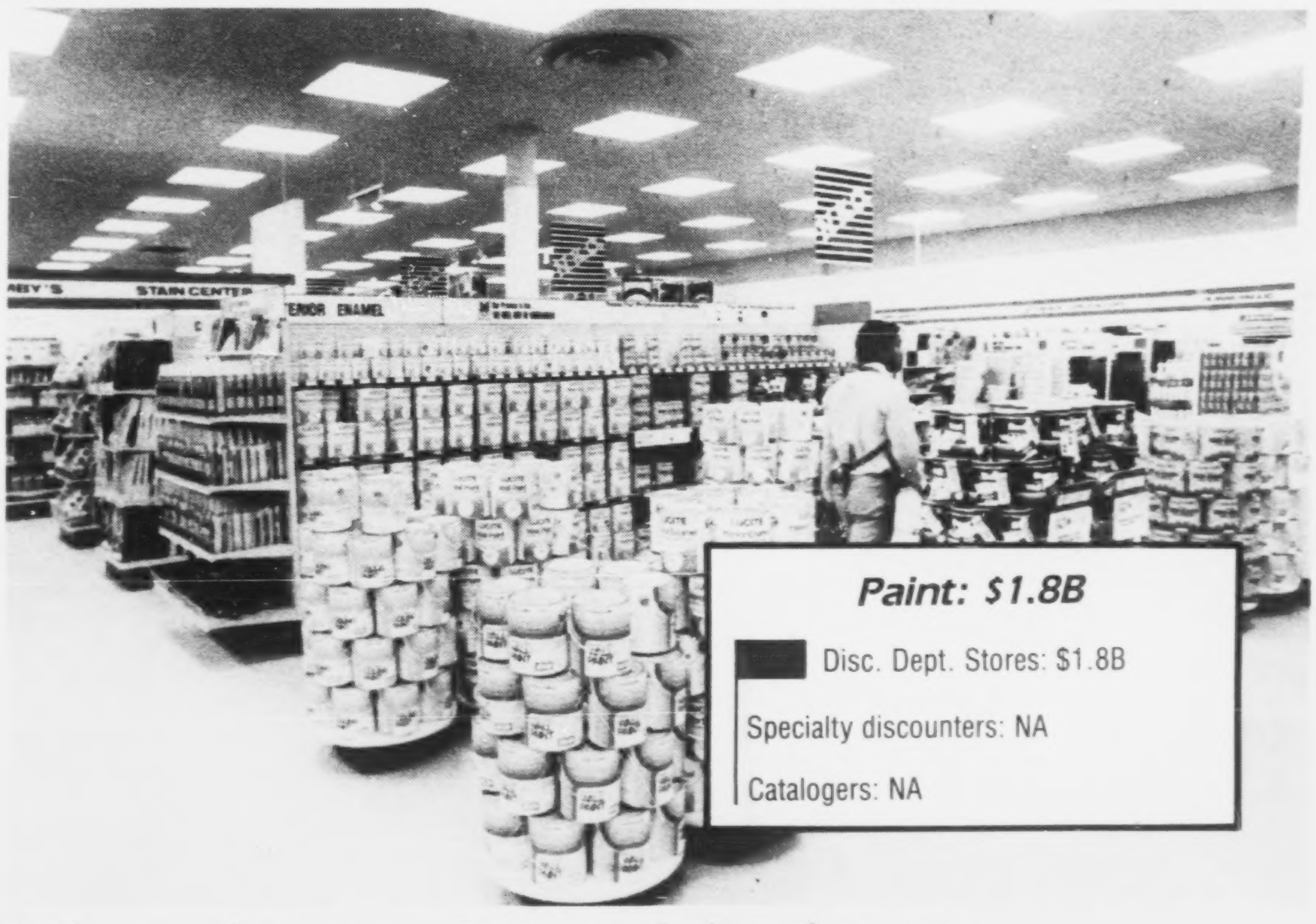
Figures Analyzed

Otherwise, paint department sales are expected to remain fairly stable for the rest of the year. Industry estimates project some $1.8 billion in sales for 1985, a figure consistent with last year.

Another relatively exciting segment of the paint business has become the sundries area—the brightest area, by far, in profitability. Margins frequently hover at 50%, and can fly as high as 65%.

In fact, sundries are largely responsible for the fairly high gross margin figure—35%—paint departments draw industrywide.

Sundries—including drop cloths, brushes, rollers, scrapers, caulks, adhesive tapes and



the like—are undergoing some rejuvenation at the manufacturers' end. While they have frequently been self-selling just by virtue of being placed on a shelf, vendors eager to gain market share are now remerchandising many of these products.

Paint, however, remains almost strictly a promotion device for many discount store chains. In one recent ad, for instance, Target and Zayre promoted gallon cans of flat latex wall paint for $7.88 and $8.88, respectively. Target's ad reflected an everyday low priced private label paint, while Zayre's was a Lucite product regularly priced at $13.49.

Meantime, several smaller discount chains have decided to expand their paint offerings in efforts to offer broader, more competitive programs.

Howard Brothers, the Louisiana-based company, decided to add a national brand program to its private label line-up in 1985 for the first time.

In the past discounters have complained branded programs did not afford them ample margins. However, it appears suppliers are growing more amenable to create programs with more profit potential for the retailer.

Fishers Big Wheel, for instance, is currently buying 70% of its Glidden paint through an annual early buy-in program for special volume purchases, allowing the New Castle, Pa.-based operation overall 33% paint margins. Glidden paint sells there for an everyday $14.99, and is promoted at $7.99 to $9.99.

ALCO, the Kansas-based discounter, on the other hand, recently added its first private label program in a 10-store, one-year test program. The buyer there expects the line to reap 30% margins.

Discount Department Store Productivity

Sales	$1.8B
Sales per Store	$221,000
Dept. Size	1,200 Sq. Ft.
Sales/Sq. Ft.	$184.17
Turns	2.9
Initial Markup	44.2%
Gross Margin	35.5%

Upscale Trend in Housewares Grows More Selective

Nationwide DSN Report

Housewares got off to a slow start in 1985, when retailers turned extremely promotional to work down excessive inventories left over from a largely disappointing Christmas quarter.

Discounters and catalogers began seeing increased consumer selectivity about the merchandise they'd trade up for—freezing in their tracks most chains attempting to significantly upscale their assortments. In tabletop, for instance, K mart, T.G. & Y. and Gee Bee are stressing stoneware, ironstone and china sets at everyday retails under $40 to cater to the prevailing utilitarian mood among shoppers. In mid-1984, T.G. & Y. began to direct-import 20-pc. sets at $19.99 to $39.99, below its existing retails of $24.99 to $49.99 on stoneware and more than $49.99 on china.

Reflecting the price plunge in some markets, one of Gee Bee's strongest promotions has been direct-imported 16-pc. ironstone sets at $8.88, meeting the needs of its shoppers who suffer 17% unemployment.

The strongest nonelectric housewares categories this year further reflect a back-to-basics stance at discounters, catalogers and specialty housewares merchants

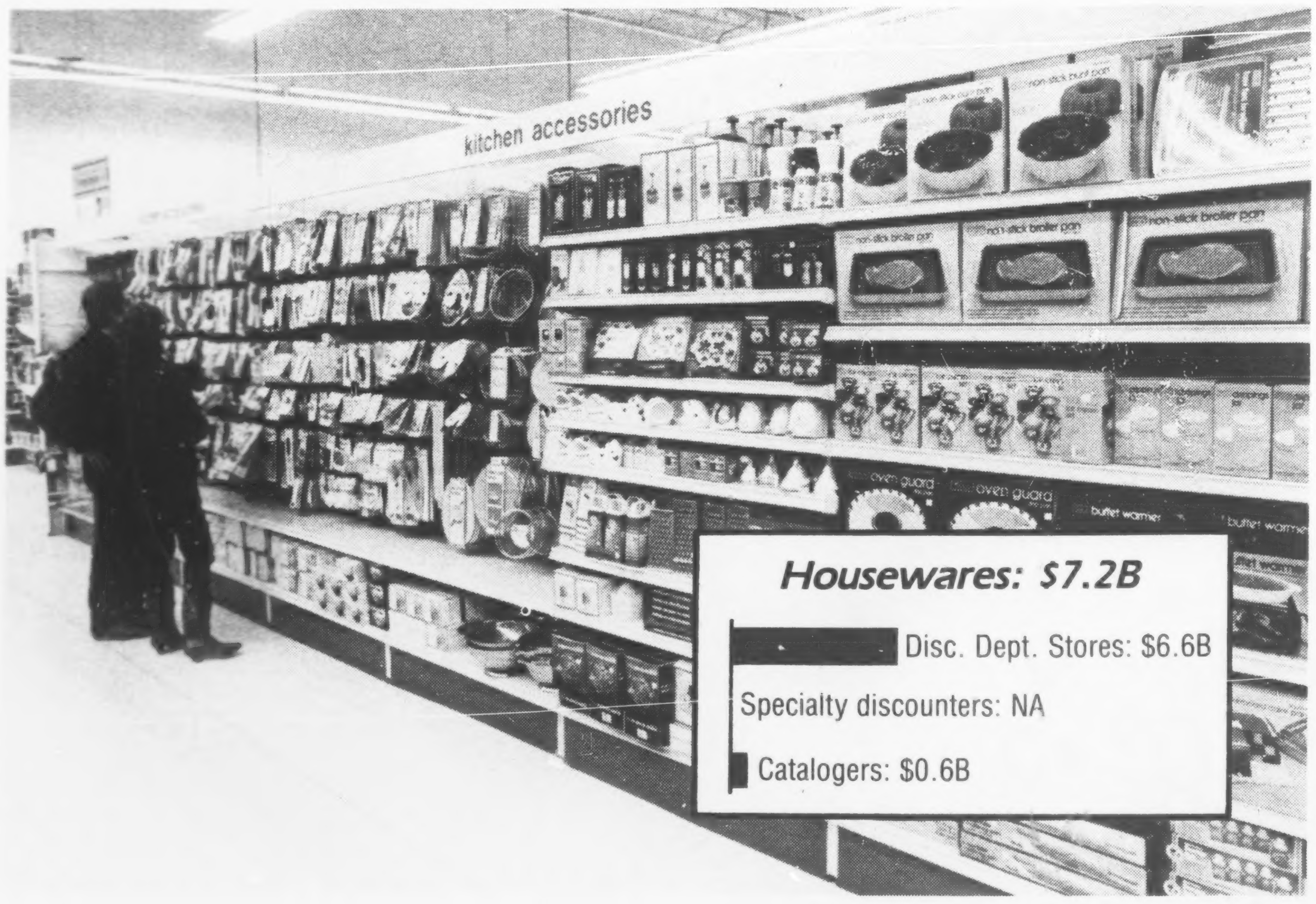
Department growth leaders will include microwave cookware, closet accessories, knockdown (KD) furniture and food storage containers, said buyers. They'll drive discounter housewares sales up slightly for the year.

Sales-per-square-foot productivity is also projected to rise on the strength of better presentations, selected higher ticket item movement and overall increased advertising of the department.

Stable prices and an improved supply picture—particularly among the most popular items—will also help housewares performance. Buyers said they've encountered few cost increases topping 5% in 1985.

Suppliers have been offering more frequent trade specials on better quality products this year, particularly from major vendors such as Corning, Rubbermaid and Anchor Hocking, buyers said. Buyers reasoned that manufacturers felt pressed by low-cost imports which chains are using more to improve margins in the current promotional environment.

Housewares imports could account for as much as 10% of discounter assortments by 1986, roughly double the 1984 level, trade sources estimated.



Discount Department Store Productivity

Sales	$6.6B
Sales per Store	$809,000
Dept. Size	5,760 Sq. Ft.
Sales/Sq. Ft.	$140.45
Turns	3.0
Initial Markup	41.0%
Gross Margin	31.3%

Discounters are concentrating direct-import efforts in decorative porcelain enamel-on-steel cookware, glassware sets, stoneware and ironstone dinnerware, woodenware, colored-handle flatware and teakettles.

Microwave cookware growth is hitched to the current national surge of microwave ovens across the country. Yet buyers sense a leveling of the category's 25% growth curve because they aren't confident the ovens will continue their hot streak past next year.

Buyers contend too much product in the marketplace may outstrip demand of a consumer franchise that's yet to materialize fully. "Manufacturers are overworking the category, vying for sales that just may not be there," a Gemco buyer said. "As consumers become more sophisticated, it limits the category by challenging manufacturers to produce products that have tangible benefits."

A K mart buyer cautioned similarly: "There's a proliferation of new items by so many vendors. There are just so many vessels you can use for cooking."

To defend aginst overstocking, discounters have begun to display multipurpose Corning dishes near microwave assortments, a tactic they said also ties well with consumer space constraints in small living quarters.

Discounter attention to microwave cookware has benefited food storage, which is often merchandised nearby within stable or enlarged plastics display areas.

Long considered stagnant, Rubbermaid Servin' Savers brought new life to the category in 1984 with increased advertising, more colorful packaging and product innovation.

New Item Technology, Design Alter Face of Electrics

Nationwide DSN Report

New product technology and design are changing the face of electric housewares.

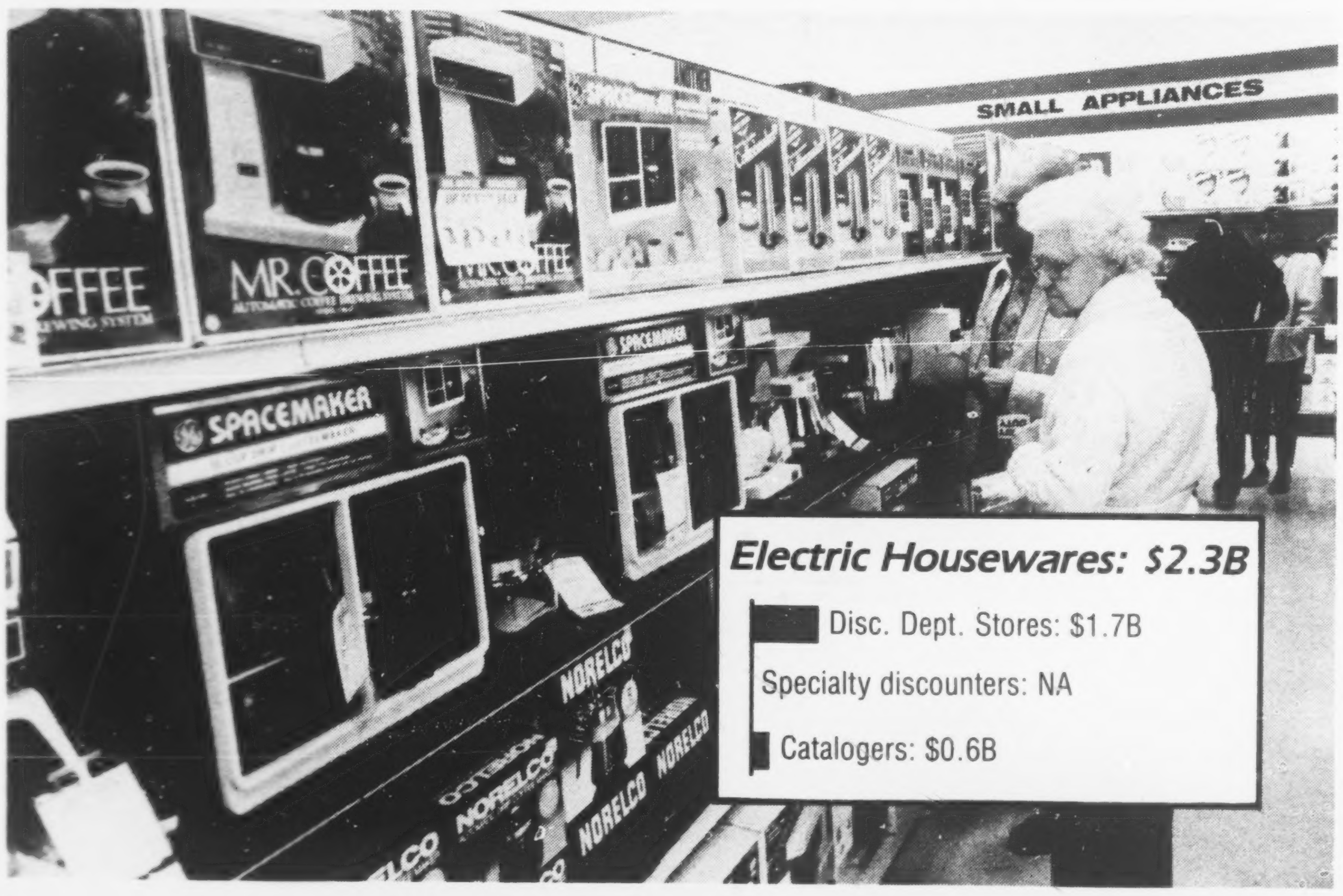
Cordless kitchen appliances, downsized food processors and lower price points on programmable microwaves are among positive trends discounters expect to boost department traffic and productivity in 1985 and 1986.

They follow quickly on the heels of under-the-cabinet kitchen electrics, electronic irons and a spate of cordless hand-held vacuums which marked the resurgence of electrics in 1984. Electrics had taken a back seat to fashion housewares categories during the early 80's, but are roaring back as major department attractions and profit-builders this year.

As a result, electric housewares margins have risen more than two points during the past year to 23.7%, though that's still low compared to the rest of the store. The uptrend reflects not only the appeal of the latest gadgetry, but consumer willingness to trade up to higher-ticket items offering greater convenience than traditional countertop models. This uptrend contrasts with discounters' and catalogers' paring back elsewhere in housewares.

Nowhere is this upgrading trend more apparent than in microwaves, which until last year had been largely a West Coast phenomenon. Category expansion is rampant this year among eastern and midwestern discounters attempting to capture the growing market.

Merchants anticipate an extreme two-pronged market, in which discount department stores emphasize promotions of compact ovens in the $150-$200 range and catalogers test full-size, feature-laden, programmable models retailing as high as $650 everyday.


SMALL APPLIANCES
MR. COFFEE
SPACEMAKER
NORELCO
Electric Housewares: $2.3B
Disc. Dept. Stores: $1.7B
Specialty discounters: NA
Catalogers: $0.6B

Discount Department Store Productivity

Sales	$1.7B
Sales per Store	$208,000
Dept. Size	855 Sq. Ft.
Sales/Sq. Ft.	$243.27
Turns	3.1
Initial Markup	34%
Gross Margin	23.7%

Price Drop

Advertised prices could drop to the $100 level by year's end, if Asian imports gain consumer acceptance, buyers said.

Meantime, to cater to small households and be able to reach luring price points, many discounters are emphasizing compact ovens, with less than 1 cubic foot capacity, and small subcompacts, in their assortments. Small sizes are expected to grow to 25% of the national market by year's end.

Contributing to the growth of higher-end microwaves is the fact that people who've owned microwave ovens for several years are trading up to newer electronic programmable models in the $250-and-up range, according to catalogers.

For instance, Edison, a Texas chain, is doubling microwave sku's to six in its 1985-86 catalog to better compete with the broader varieties at appliance stores.

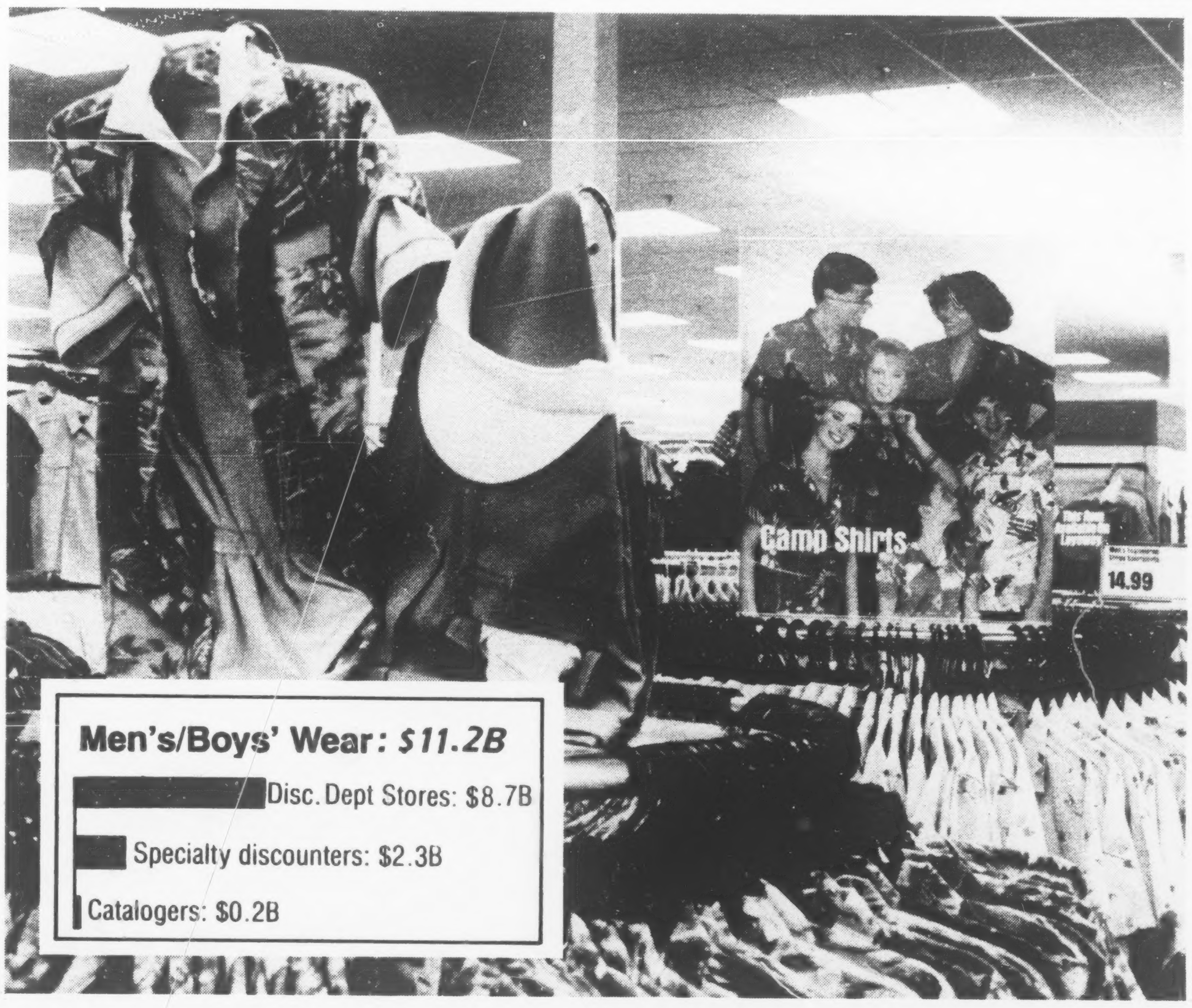
On an even larger scale, S. E. Nichols expanded from three sku's to 10 this past Christmas season, using 16-ft. formerly devoted to refrigerators, washers and dryers. Its prototype stores sell 12 sku's ranging from a Sanyo compact at $150 to Sharp and Amana programmable models at $399. The chain said its business is split evenly between the high and low end.

Cordless mixers, knives and can openers have yet to make full impact because shipments are first appearing. However, buyers are convinced they'll move well—even at 20% higher price points than corded models—once shoppers recognize the improved battery technology and performance over earlier cordless offerings.

Under-cabinet appliances, which buyers said became overproliferated by mid-1984, still continue to perform strongly at discounters who've given the classification an identity.

Heck's, for instance, even in its economically depressed markets, nearly doubled its annual rate of kitchen electrics sales gains to nearly 14% in 1984's final quarter, when the discounter gave under-cabinet appliances their own permanent 10-12-ft. display area in small electrics and expanded sku's from two to seven.

Heck's now stocks four space-saving coffeemakers, at $34.76 to $64.96 everyday, producing 25%-26% margins compared with 11% for traditional traffic countertop models.



Men's to Get Less Trendy, Boys' More

DSN Nationwide Report

Discount chain men's wear buyers are retrenching after being burned last year with too-trendy interpretations of young men's fashion.

In boys' wear, this year's approach is just the opposite because fashion trends have gained in importance in sizes 8 to 18.

By stocking more basic and tailored styles in men's wear and infusing more fashion into older boys' size clothing, discount department stores should push category volume up by 5.7% this year, *DSN* estimates. Industry men's and boys' wear sales are projected to hit $8.7 billion this year, up from $8.2 billion last year, *DSN* research revealed.

In men's, the formula for achieving those gains calls for investing in basic merchandise such as five-pocket jeans in stonewashed as well as traditional denim fabrications, according to most buyers. At the same time, buyers are taking a more promotional position and buying closer to season to keep dollars free for opportunistic buys.

Both increased promotions and buying closer are strategies prompted by last year's fall/winter season when higher-price-point young men's styles touted earlier in the year failed to meet expectations.

A third prerequisite for chalking up sales gains at discount department stores is a reinterpretation of young men's styles for the mass market. For many chains, Venture included, that means re-establishing limits on price points. Last year the infusion of styling pushed prices up to new highs and chains then suffered markdowns.

This year, merchandisers are thinking of a contemporary man and going with a less severe presentation for that consumer. For fall a strong men's item like sweaters can be featured with padded shoulders, geometric designs, in shaker knits and in oversized silhouettes as part of the young men's assortment. In addition, basic jeans, fleece wear, woven or knit shirts with thermal treatment and quilted styling on woven and fleece tops were all mentioned by buyers as the way to go this year.

To further update young men's styles, chain merchandisers are investing in contemporary versions of dress-up looks that were also growth areas last year. Tailored pleated slacks and unstructured longer jackets were made popular by the *Miami Vice* television series. The Angels Flight licensed program is now positioned to fill that niche of tailored young men's styles in discount department stores.

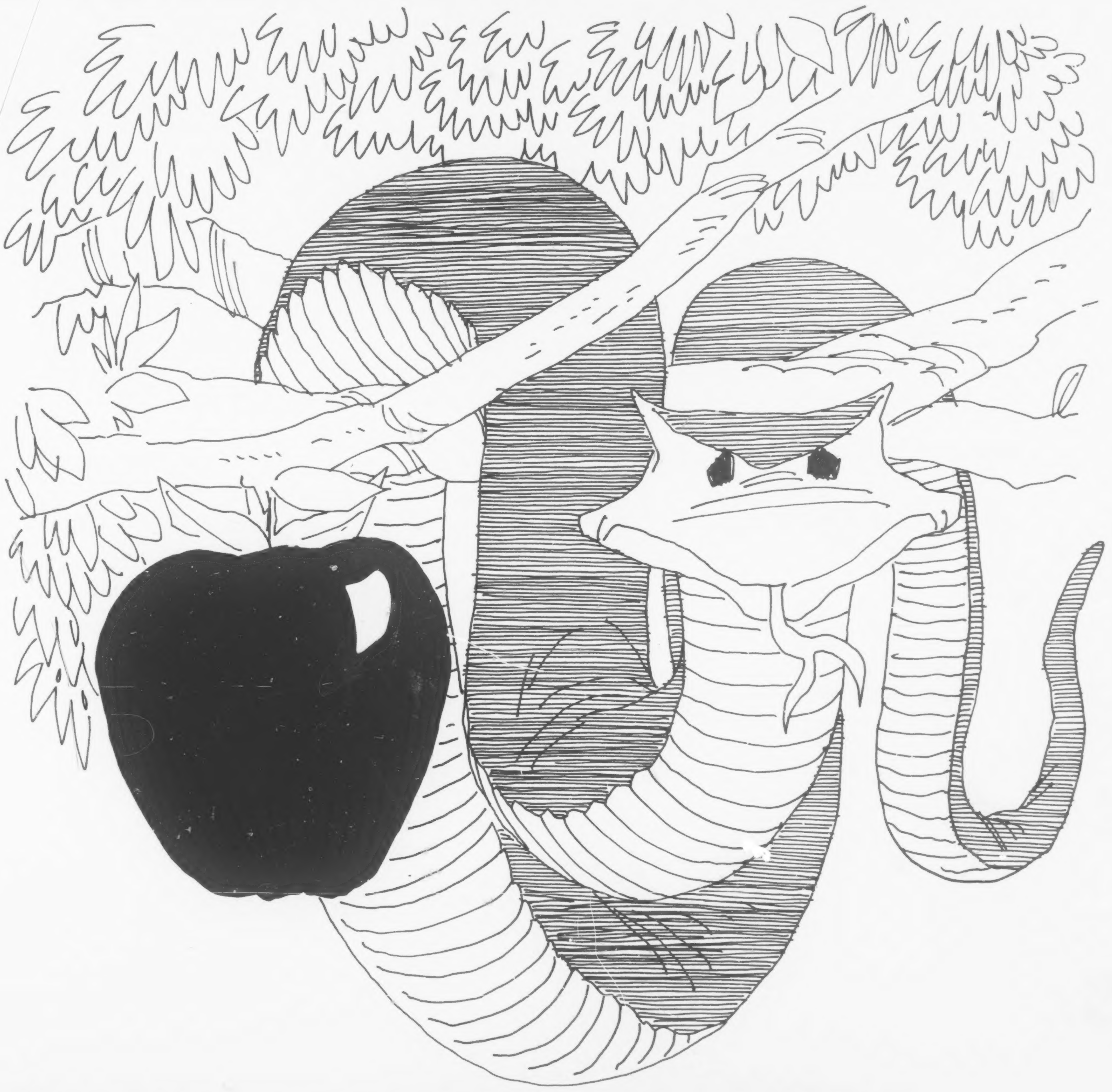
In boys' wear, discount department stores are adding bright color and more of the rock 'n' roll versions of styling because those trends pumped up sales last year.

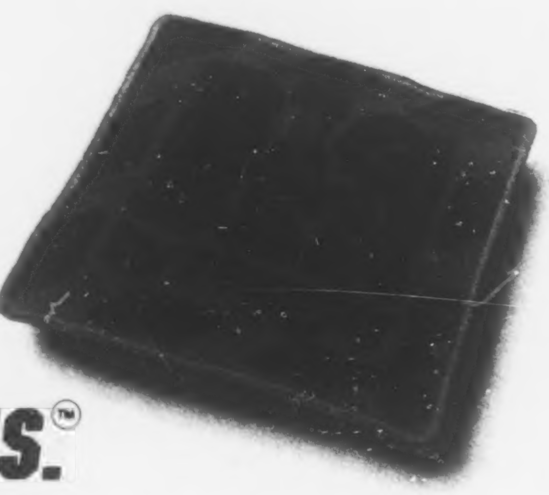
More faster turning fashion items in boys' and more tailored looks in men's are expected to push annual sales per square foot up about 5% to $138.25 from $131.50, according to *DSN* estimates. Initial markup is on the rise to 44.6% this year compared to 34.6% last year. But gross margins are once again declining with 34.6% projected for the 1985 norm compared with 36% a year ago.

Off-price apparel stores should register a 9.5% increase in men's and boys' wear volume for this year. *DSN* predicts business done by off-pricers will hit $2.3 billion this year compared with $2.1 last year.

Discount Department Store Productivity

Sales	$8.7B
Sales per Store	$1,066
Dept. Size	7,710 Sq. Ft.
Sales/Sq. Ft.	$138.26
Turns	3.5
Initial Markup	43.9%
Gross Margin	34.6%





Having a devil of a time with supply and delivery?

There's no good reason why you should be.

Not when you can count on the *one* source that's built its business on the kind of customer service that just can't be matched. By anyone.

We'd like to be the apple of *your* eye, too.

Ever since clothes started working, our name has been on the pick of the crop. Almost from the beginning.

HARD WORKIN' CLOTHES.®

P.O. Box 100841, Nashville, TN 37210 1-800-251-4089
In Tenn., 1-800-342-8001

GO ALL OUT
with our better patio furniture
Choose from our wide selection of quality patio furniture at Bradlees great value prices

Bradlees, Watertown, Mass., displayed five-piece patio furniture in fashion colors pastel peach, plum, gray, vanilla, at retails nearing $500. Carpeting and fencing create a backyard setting. *(DSN photo)*

Lawn & Garden Volume Seen Gaining From Varied Trade-ups

Nationwide DSN Report

Discount department stores are looking to ongoing consumer trade-ups to fuel solid increases in lawn and garden equipment.

Best success is expected in patio furniture, gas grills, lawn mowers and string trimmers.

However, they see less success with electric bug killers, a category that has no dominant national brand and, they say, is often misunderstood by consumers.

Following up to 25% category sales gains in patio furniture in spring 1984, buyers launched aggressive programs for the category this year. From last year's results, buyers expected sales activity to be concentrated in the $200 to $350 range, with the addition of heavy-duty PVC pipe garnering extra attention.

For 1985, buyers laid out plans to show expanded assortments of PVC pipe, aluminum and metal "wrought-iron-look" sets that could raise ceiling prices to $400. Ames, for one, raised price points with PVC and Textilene sets to retail daily up to $399.

In color, buyers were adding pastel peach, plum and gray to last year's popular bold whites, yellows and greens.

Additional steps to promote the category include delaying end-of-season markdowns and providing more display footage.

Rising Trend

Gas grill sales were expected to soar 20% to 35% this year, following an equally strong 1984 season, with the bulk of the mix being offered in the $100 to $150 range.

Buyers pointed out although they experimented with gas models ranging from $88 to $300, shoppers most favored the middle price-units featuring carts, redwood trays, dual burners, porcelainized grids, up-front controls and spark ignitors.

More expensive units featuring temperature gauges, windows and massive cooking grids were cut back because of less consistent demand. However, the under-$100 models remained a stable part of the mix because they were often the first choice of shoppers stepping up from charcoal models.

Buyers explain consumers are now leaning toward gas grills as a result of rising charcoal grill prices, which approach the bottom price of low-end gas grills, as well as rising charcoal briquet prices. Also, shoppers are now opting for gas grills' greater convenience, faster operation and "status" features.

Buyers are also now considering capitalizing on the gas grill boom by adding replacement parts to their mix.

Despite the growing interest in trade-up gas grills, discounters are also seeing added sales in water smokers, used with charcoal grills, which have already performed well in Southern markets, particularly Texas.

Trade-up purchases have also sparked new life in lawn mowers and string trimmers, with lawn and garden buyers remixing power equipment assortments, concentrating more heavily on higher-priced mowers and trimmers with more features and longer lifespans.

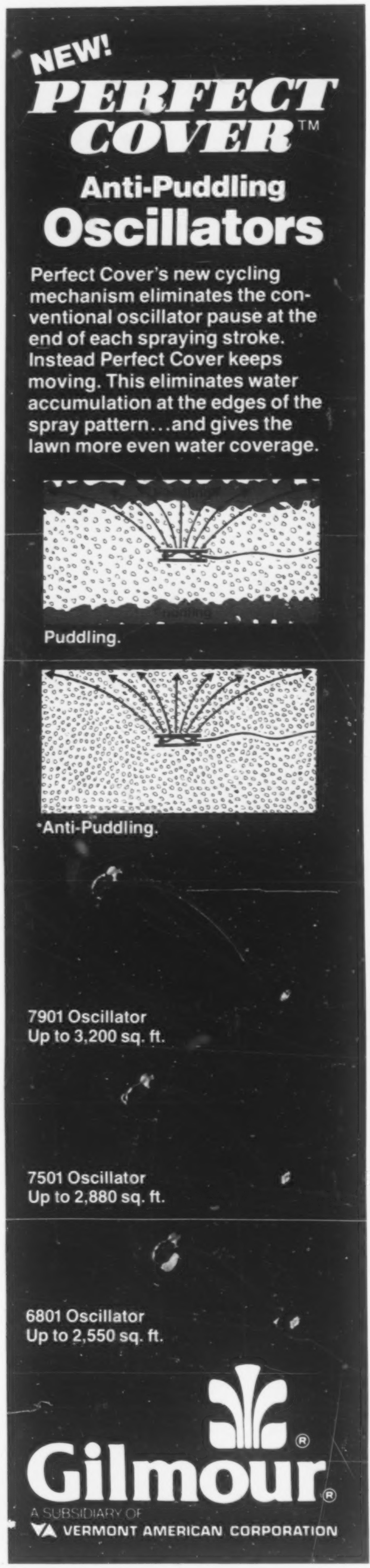
Sales of promotional mowers in the $100 price area continue to contribute heavily to category sales, but buyers note strong consumer acceptance of big-ticket equipment like riding, self-propelled and rear-bagger mowers.

More rural chains like Danners and Gee Bee can sell riding and tractor mowers priced from $800 to almost $2,000, but others such as Gold Circle are finding they can add rear-bag gear driven models to sell at retails approaching or just over $300.

Despite the increase in trade-up purchases, buyers do face limitations. Richway, according to one executive, does not carry riding mowers because home centers are already "busting the price" on these units; they require too much floor space, and they can't fit into customers' cars, said one buyer.

In string trimmers, discounters say the magic price point for a gas-powered unit is about $100, and roughly half that for electric models. One K mart buyer pointed out that as prices for gas trimmers have fallen, the units have become more popular for the convenience and freedom of movement they offer over electric models.

Discounters report consumers are trading up in lawn mowers, with some chains in rural locations noting good sales in higher-priced riding models. T.G. & Y., Oklahoma City, featured one for $969. *(DSN photo)*


NEW!
PERFECT COVER™
Anti-Puddling
Oscillators

Perfect Cover's new cycling mechanism eliminates the conventional oscillator pause at the end of each spraying stroke. Instead Perfect Cover keeps moving. This eliminates water accumulation at the edges of the spray pattern...and gives the lawn more even water coverage.

Puddling.

*Anti-Puddling.

7901 Oscillator
Up to 3,200 sq. ft.

7501 Oscillator
Up to 2,880 sq. ft.

6801 Oscillator
Up to 2,550 sq. ft.

Gilmour®
A SUBSIDIARY OF
VERMONT AMERICAN CORPORATION

CENSUS '85/'86

Home Health Items Hypo Personal Care

Nationwide DSN Report

Increased popularity of home health care items is giving personal care performance a big boost.

The nation's preoccupation with fitness, a growing desire for greater control over one's health, and escalating medical care costs, are social trends combining to spawn a burgeoning industry of home health care devices.

Blood pressure meters, digital thermometers, massagers and electronic scales with memory are getting better play at discounters and catalogers, who've recently begun experimenting with several ways to display health care products: cross-merchandised within health & beauty aids; in expanded personal care sections near appliances; near pharmacies, where pharmacists can explain their proper use, and with home fitness equipment in sporting goods.

Going further, Heck's and Pamida have been among chains considering high-identity service health care sections in their stores, either by jewelry or H&BA.

Manufacturers and retailers noted several positive trends underlying these in-store efforts:

—Digital thermometer prices are dropping 30% from a year ago, to everyday retails under $10, because of improved technology, better factory automation and production efficiencies. Lower prices are expected to spark more than 300% unit growth in 1985.

—Blood pressure kit prices are falling 30%-40% because of greater competition among manufacturers. Unit movement is expected to grow nearly 50% this year.

—Better product design, features and packaging make health care items easier to use and more self-sell, enlarging the market.

While health care's positive impact on margins may last only until discounter competition intensifies, merchants do see much of their early sales activity in the higher-end, better-featured products such as $60-and-up blood pressure meters with LED readouts and printers.

They attribute that to consumer willingness to spend more on products that are health-related, and to their gift appeal.

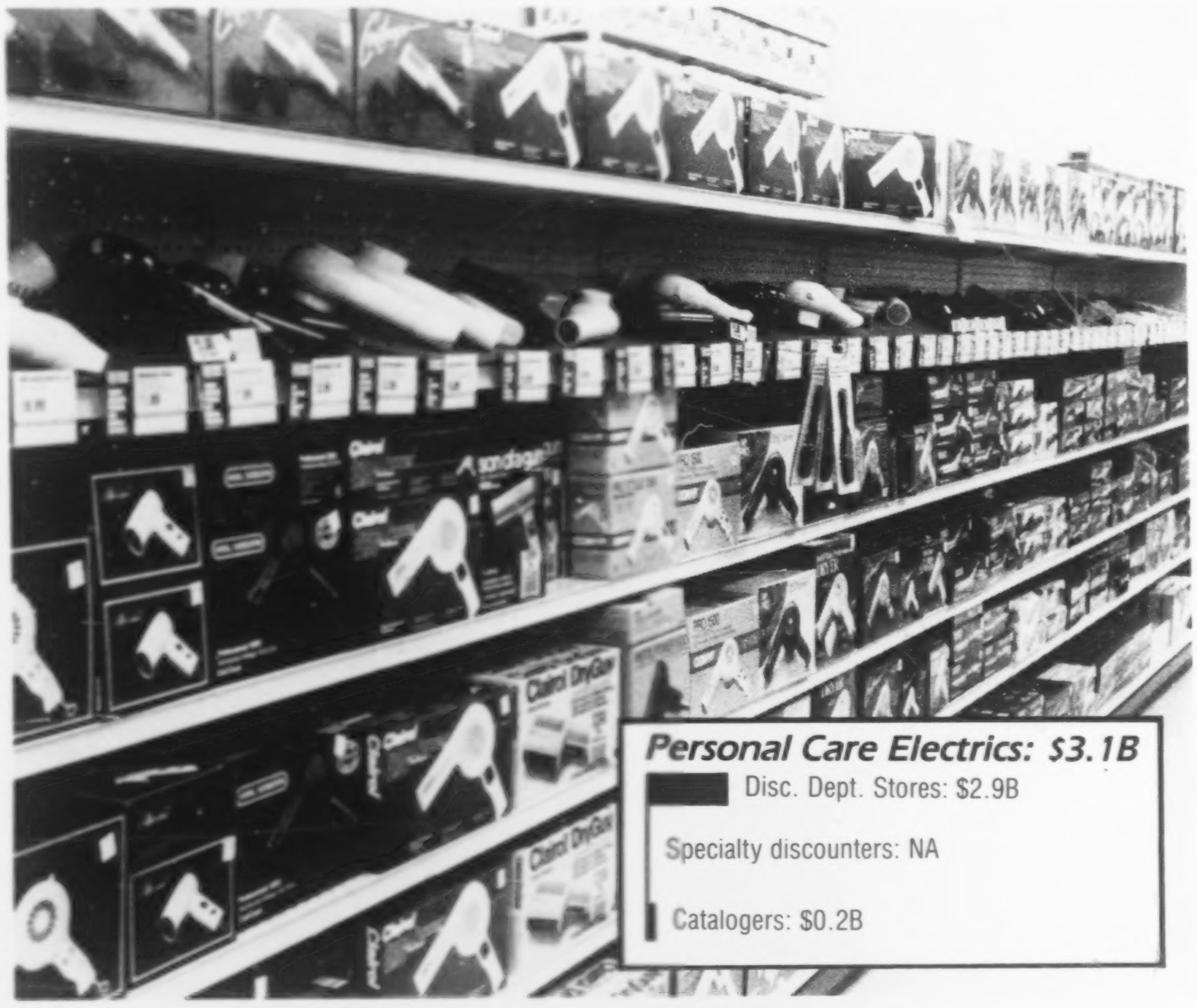
"A person under doctor's orders to monitor blood pressure won't skimp on a monitor. The psychology is that there's too much at stake," said the president of one manufacturing firm.

Meanwhile, the core business of personal care—hair dryers, curling irons and styling brushes—remains at a promotional fever pace. Unprecedented double rebate offers by manufacturers that reached the market in 1984 enabled some discounters to advertise merchandise at zero cost to the consumer.

"That may bring traffic," conceded a merchandiser from Venture, "but it loses credibility for the entire category."

Loss of credibility has been an issue in personal care for years; it's just intensified with heightened promotions. With net prices to consumers getting lower and lower on many personal care products, the category's turned into a throwaway business, where shoppers consider products to be disposable.

That's led manufacturers to package part of their hair care appliance offerings as disposables in peggable blister packs, and discounters to merchandise them as such.


Personal Care Electrics: $3.1B
Disc. Dept. Stores: $2.9B
Specialty discounters: NA
Catalogers: $0.2B

Discount Department Store Productivity

Sales	$2.9B
Sales per Store	$355,000
Dept. Size	800 Sq. Ft.
Sales/Sq. Ft.	$443.75
Turns	3.0
Initial Markup	29.7%
Gross Margin	20.1%

Introducing the fastest, most automated, most innovative lens-shutter cameras in the world!

From Olympus, naturally! You come to expect uniqueness from the people who changed the shape of 35mm photography. From the first compact single lens reflex system to the first 'dust barrier' pocket 35's. And the first lithium battery powered 35mm! So what have we done lately?

How about the **QUICK SHOOTER** with its user-interchangeable lithium battery pack that has as much as five or more years of battery life for flash and all functions. And an astounding 1.5 second rechargeable flash, shot after shot, year after year! Add to that its total automation: auto film speed setting with DX encoded films, auto loading, auto advance to first frame, auto focusing, auto exposure, auto winding and even auto rewinding. In fact, auto-everything!

There are two great additions to the remarkable XA Series, alongside the top-of-line **XA** model with its professional sophistication, full exposure control and rangefinder focusing. The new **XA3** with focus-free point and shoot system, simplified auto-loading, auto film speed setting for DX encoded films, 2 sec. to 1/750 sec. programmed shutter, backlight compensation and more. And the new **XA4 MACRO**, sharing all the XA3 features plus a true 28mm wide angle Olympus lens and macro focusing down to 1 foot! Everything about this camera is unique. Even its wrist strap focus measuring aid.

Those are some of the goodies from Olympus that are capturing the imagination of all levels of photographic enthusiasts. Among lens-shutter models, they are the fastest and easiest operating, and selling, 35's. For details or demonstration contact your Olympus Sales Representative: toll free 24 hours a day, 800-631-7777 (in New Jersey 800-522-4159.) *But only if you're ready for some real action!*

Olympus Corporation
Consumer Products Group
Crossways Park
Woodbury, NY 11797.

OLYMPUS

Quick Shooter

OLYMPUS
DX
OLYMPUS ZUIKO 38mm 1:2.8
AUTO FOCUS

XA3

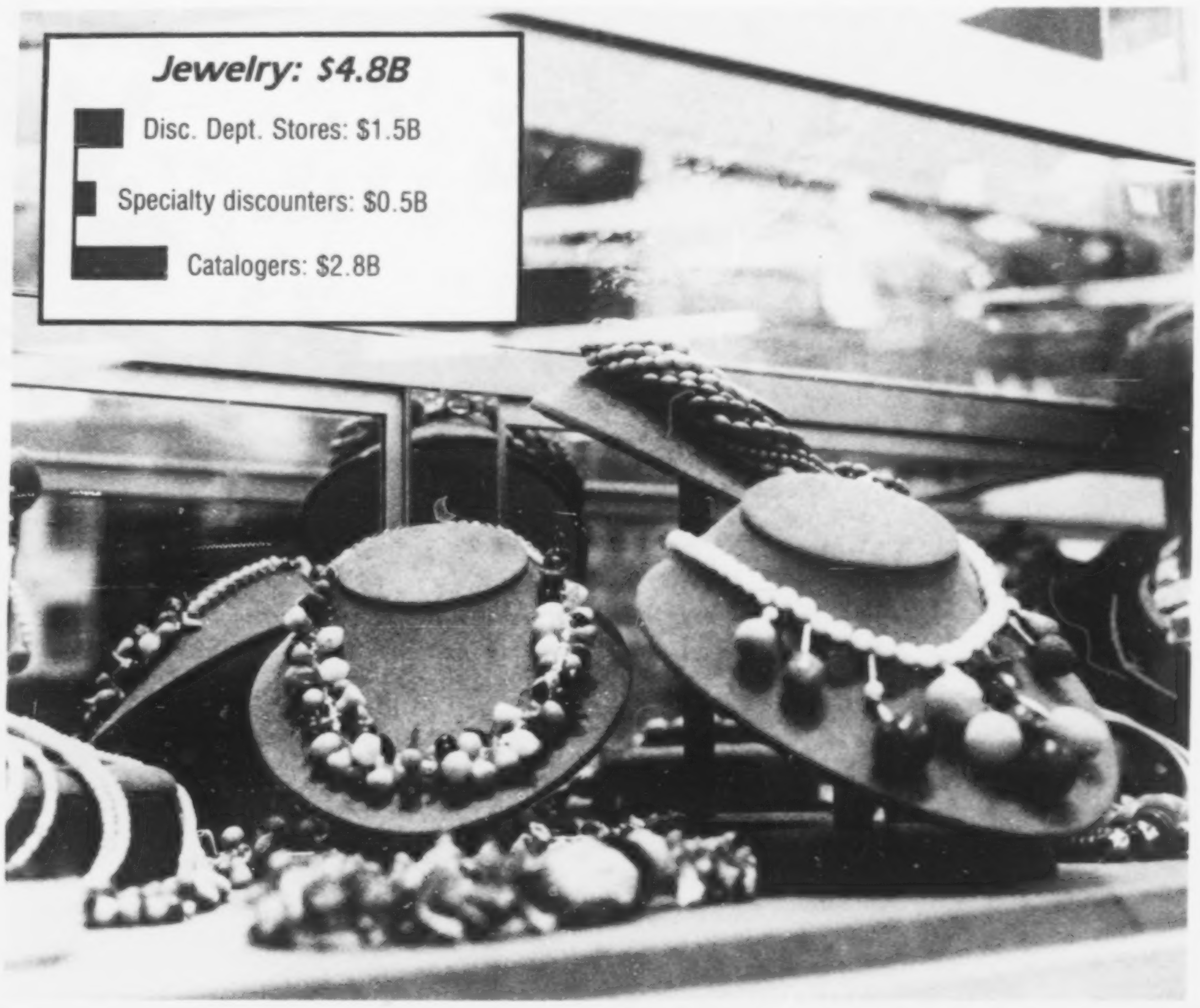
OLYMPUS
Quick Flash A1L
DX

XA4 MACRO

OLYMPUS
Electronic Flash A16
DX

XA

CENSUS '85/'86



Outlook For Jewelry Is Brighter Than Ever

Nationwide DSN Report

The outlook in jewelry is brighter than ever, in terms both of volume and fashion.

Retailers have rock-star Madonna and the Swatch craze to thank for keeping fashion jewelry and watches in high demand going into this fall and the spring of 1986. Buyers say bracelets and watches in a wide array of colors, huge earrings that dangle and thick chunky chains are all part of the current fashion scene.

Discount department stores that have responded to the fashion influx in the category say sales are on the upswing for the third year in a row. This year Bradlees, Gemco and Gold Circle are among those experimenting with new presentations that focus more attention on their flashier assortments.

Meanwhile, catalog showroom chains, the established sources of finer jewelry, are increasing their assortments of 14-karat gold jewelry because stable prices on those items promise to keep margins healthy. In gold items, heavier pieces offer fashion interest.

As bright colors and fashion influences have pumped up costume (buyers now say "fashion") jewelry, price points have likewise edged up. At Gold Circle the top price point has moved up to $7.99 from about $4 a couple of years ago. Necklaces that used to top out at $8.99 now go up to $12.99.

Big bold necklaces priced over $30 have already showed up at Bradlees and Gemco.

At Gold Circle, however, a test proved the items too pricey for shoppers who buy fashion jewelry as a disposable piece to wear for a limited time.

Heck's is now testing $30 fashion necklaces with a possibility of a back-to-school season rollout.

With costume jewelry registering 20% gains for the past two years, Heck's is looking to add gold merchandise for the first time this year. Buyer Mary Jordan was planning a one-store test in the chain's new Parksburg, Ohio, store, at presstime slated to open on June 30. If successful the program of 172 14-karat gold items will be rolled out chainwide by Sept. 1.

Jordan is looking for turns of 2.5 to three annually on chains priced up to $134 and earrrings tagged at up to $45. That would add about $1.5 million to the chain's volume, she estimates.

Jordan is among those improving displays. Taller self-service spinners are part of the plan to boost annual turns to three from about 2.4 last year.

Gemco is another chain that has been augmenting strong jewelry sales with improved presentation. In its newer stores jewelry was moved out of luggage/consumer electronics to an area of its own adjacent to ladies' accessories and cosmetics. In its very latest prototype, stools were added to enhance the jewelry shop atmosphere.

In Bradlees' newest test store in Framingham, Mass., jewelry was featured in two glass cases instead of the usual one. One case was devoted to costume jewelry with double the assortment carried in other stores. The second case featured finer gold and silver items.

At Gold Circle the newest prototype unveiled last March moved jewelry adjacent to cosmetics and ladies' accessories. At presstime, that presentation wasn't scheduled for the entire chain.

Gold Circle buyer Jamie Bob-

(Continued on page 131)

Discount Department Store Productivity

Sales	$1.5B
Sales per Store	$184,000
Dept. Size	590 Sq. Ft.
Sales/Sq. Ft.	$311.82
Turns	2.1
Initial Markup	49.2%
Gross Margin	38.1%

This announcement is under no circumstances to be construed as an offer to sell or as a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE June 21, 1985

2,300,000 Shares

Consolidated STORES CORPORATION

Common Stock

Price $14.50 Per Share

The American Stock Exchange symbol is CNS

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned or other dealers or brokers as may lawfully offer these securities in such State.

Merrill Lynch Capital Markets
Prescott, Ball & Turben, Inc.

Bear, Stearns & Co.
William Blair & Company
Alex. Brown & Sons Incorporated
Dillon, Read & Co. Inc.
Drexel Burnham Lambert Incorporated
Hambrecht & Quist Incorporated
E. F. Hutton & Company Inc.
Kidder, Peabody & Co. Incorporated
Lazard Frères & Co.
Montgomery Securities
PaineWebber Incorporated
Prudential-Bache Securities
Robertson, Colman & Stephens
L. F. Rothschild, Unterberg, Towbin
Smith Barney, Harris Upham & Co. Incorporated
Wertheim & Co., Inc.
Dean Witter Reynolds Inc.
Allen & Company Incorporated
A. G. Edwards & Sons, Inc.
Oppenheimer & Co., Inc.
Thomson McKinnon Securities Inc.
Advest, Inc.
Arnhold and S. Bleichroeder, Inc.
Bacon Stifel Nicolaus Stifel, Nicolaus & Company, Incorporated
Robert W. Baird & Co. Incorporated
Bateman Eichler, Hill Richards Incorporated
Blunt Ellis & Loewi Incorporated
J. C. Bradford & Co. Incorporated
Cable, Howse & Ragen
Cowen & Co.
Dain Bosworth Incorporated
Eppler, Guerin & Turner, Inc.
First of Michigan Corporation
Janney Montgomery Scott Inc.
Ladenburg, Thalmann & Co. Inc.
Cyrus J. Lawrence Incorporated
Legg Mason Wood Walker Incorporated
McDonald & Company Securities, Inc.
Moseley, Hallgarten, Estabrook & Weeden Inc.
Neuberger & Berman
The Ohio Company
Piper, Jaffray & Hopwood
Rotan Mosle Inc. Incorporated
Wheat, First Securities, Inc.

Drug
THE FLEXIBLE AND THE FREE
A FREE GIFT...
H&BA: $5.7B
Disc. Dept. Stores: $5.7B
Specialty discounters: NA
Catalogers: NA

Contact Lens Care, Mousses Spur Sales

DSN Nationwide Report

Sales of health & beauty aids products in discount department stores are expected to reach $5.7 billion this year, $100 million over the year before, the product of a year-long gold mine of new tonnage items and more intense marketing of older ones.

Capitalizing on consumers' continuing interest in experimenting with grooming and appearance enhancing products, buyers say they are concentrating merchandising efforts on growing categories like mousses, contact lens care items, nail care products and cosmetics.

They are also taking advantage of the excitement generated by new packaging of toothpastes in pump containers.

The baby boom has been a blessing to retailers, too, with some discounters projecting up to 15% annual growth.

Seasonal items have also shown strong sales, driven in the cough and cold area by innovative new products and conversion of prescription drugs to over the counter (OTC) status, and in the sun prep area by heightened consumer awareness of the dangers of the sun and retailers' early jump on the season.

Tied to these category successes are chains' more careful attention to tying their promotions to manufacturer advertising blitzs and coupon drops.

Overall, industry sales are expected to reach $5.7 billion this year, up from $5.6 billion a year ago, with initial markup and gross margins inching upward and annual turns remaining flat. Initial markup is projected by *DSN* to move up to 26.6%, up from 26%, and gross margins are expected to rise to 21.9%, from 20.5%. The H&BA department should continue to turn 4.5 times in the year.

Helping the department along is the mousse category, which until recently was dominated by high- and middle-priced offerings. Now, a new crop of low end mousses priced under $2 should help sales of these products in discount stores climb even higher.

The contact lens care business is looking up, too, with trade sources pegging mass merchandisers' share of the retail market for auxiliary eye care products at 20% last year, up from 15% the year before.

While sales in nail enamels do a good steady business, the really hot items now are false nails and tips kits, with buyers talking about new self-adhesive nails that don't require separate tubes of glue to apply, as well as decorative decals and trimmings.

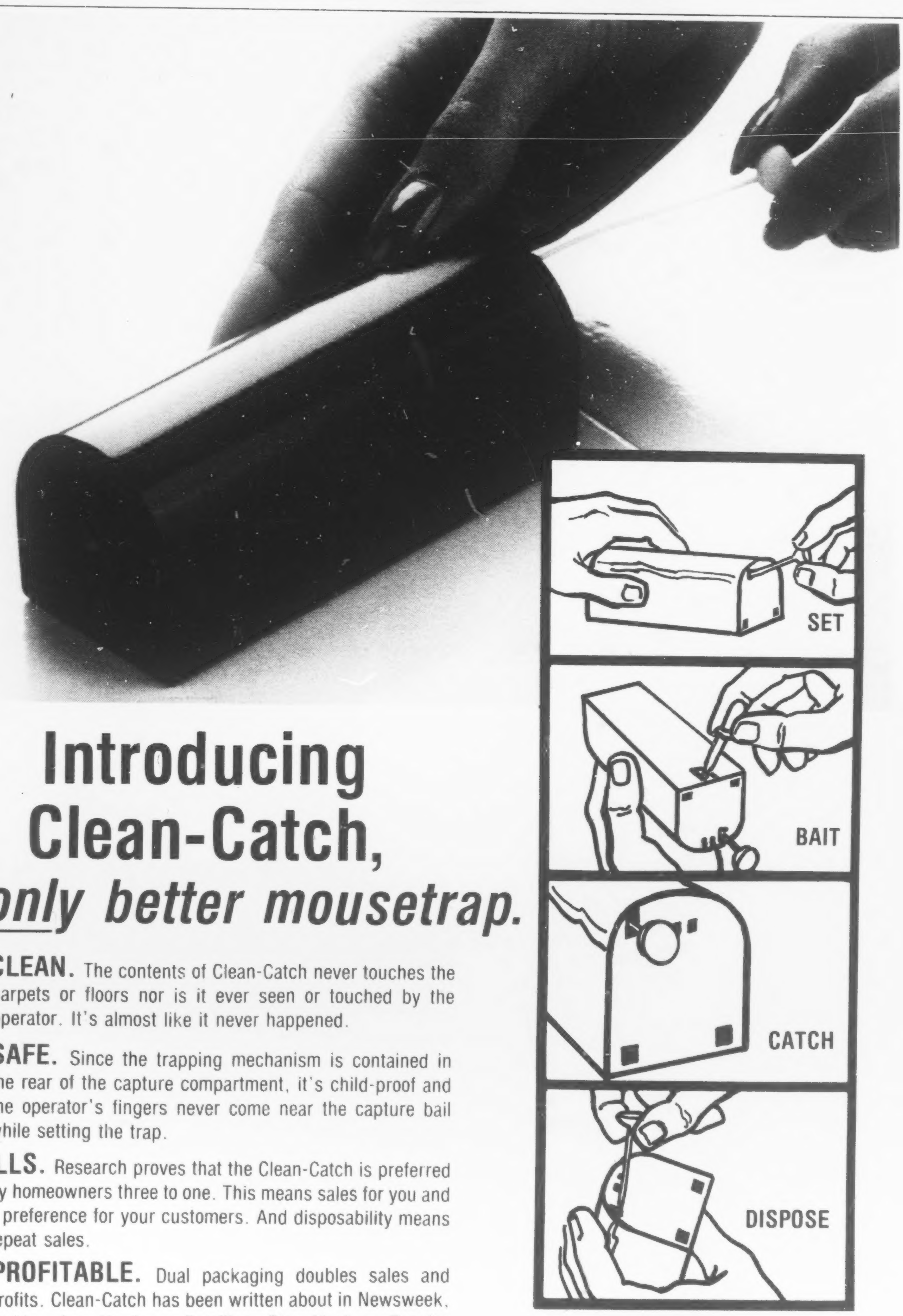
Discounters are also pushing another fun fad with their recent support of Wet 'n Wild, a budget cosmetics brand that appeals to teenagers with its offbeat shades, contemporary packaging and low price points.

The number of major manufacturers jumping on the pump toothpaste bandwagon has changed the shape of discounters' departments as buyers add new name brand additions like Aim, Colgate, Crest and Aquafresh, and cut facings in name brand tubes.

In the cough and cold category, new products were the name of the game. Many discounters are projecting 10% to 25% category growth from innovative category entries like cough whip and chewable tablets containing cough syrup and the conversion of Actifed and Sudafed to OTC status, as well as from strong sales in long-standing basics.

Discount Department Store Productivity

Sales	$5.7B
Sales per Store	$698,000
Dept. Size	3,140 Sq. Ft.
Sales/Sq. Ft.	$222.29
Turns	4.5
Initial Markup	26.6%
Gross Margin	21.9%



Introducing
Clean-Catch,
the only better mousetrap.

It's CLEAN. The contents of Clean-Catch never touches the carpets or floors nor is it ever seen or touched by the operator. It's almost like it never happened.

It's SAFE. Since the trapping mechanism is contained in the rear of the capture compartment, it's child-proof and the operator's fingers never come near the capture bail while setting the trap.

It SELLS. Research proves that the Clean-Catch is preferred by homeowners three to one. This means sales for you and a preference for your customers. And disposability means repeat sales.

It's PROFITABLE. Dual packaging doubles sales and profits. Clean-Catch has been written about in Newsweek, Smithsonian, Hardware Retailing, Star, Venture, Popular Science and Pest Management. This will create inquiries and customers quickly.

For more information, call Gary Miller at (502) 753-1362 or write to him at Dynamic Marketing, 306 Andrus Ave., Murray, KY 42071.

dmc
DYNAMIC
MARKETING
CORPORATION

Toy Stars of 1984 Seen Biggies of '85

Nationwide DSN Report

Last year's heavy hitters will lead the toy league again this year.

That's the good news to toy buyers who expect another strong year with super licenses Cabbage Patch Kids, Masters of the Universe, Transformers, GoBots and last year's most trendy board game, Trivial Pursuit, expected to lead the way.

Last year, Cabbage Patch merchandise generated over $500 million at the wholesale level and to date has accounted for over $1.5 billion including royalties. Trivial Pursuit sold close to 20 million units last year, reaping nearly $750 million. Masters of the Universe sold over $300 million at retail and Hasbro's Transformers did over $100 million in its first year out. The company said it could've sold another $60 million worth of goods if production had run smoothly.

It was, indeed, a good year and 1985 is shaping up as a mirror image. Overall, discounters, including toy specialty chains and catalogers are expected to sell over $8 billion worth of toy goodies this year. Discount department stores will account for over 50% of that volume, with their toy sales due to rise to $4.4 billion up from last years $4.1 billion.

Specialty discounters including toy supermarkets, Toys "R" Us and Child World and mall toy chains like Kay Bee and Playland will account for almost $3 billion in toy sales, up from last year's $2 billion; catalogers, for their part, are projected to exceed $800 million this year.

But despite the rosy projections for 1985, many buyers remain cautious about a carbon-copy repeat performance of last year. Burdened with heavy inventories after last Christmas and heavy hearts after viewing the major lines at Toy Fair, many toy merchants have already experienced a cloudy first half but expect the sun to break through on this year's holiday seling season.

This year's problems are basically the same that haunt toy buyers every year: delivery, price resistance, quality control and increasing wholesale costs.

Granted, all are formidable issues but none are insurmountable, said most buyers. Their big question, however, is—how will the new products perform?

Although a dearth of potential hit toys was introduced this year, (relative to last year's gold mine) a handful of exceptions are expected to make a play for the big time.

Chief among them are several dolls playing off the super successful Cabbage Patch concept. Hugga Bunch by Kenner, Pound Puppies by Tonka and Disney's Wuzzles are plush toys that appear to strike the same chords as Cabbage Patch—appealing to personal home spun values rather than gimmicks and flash.

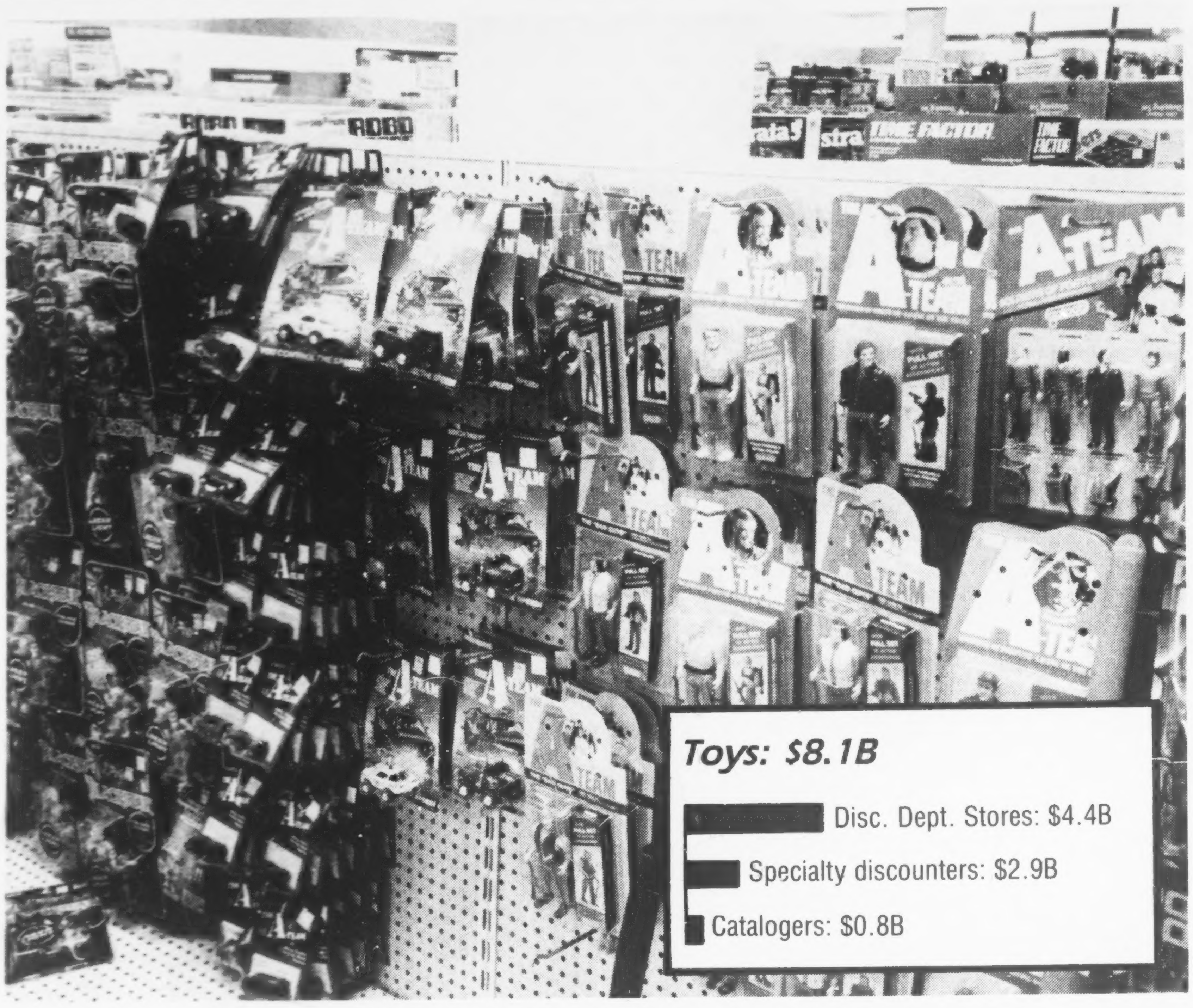
If the new dolls can surpass Cabbage Patch popularity as well as perennial favorite, Care Bears, remains to be seen but price points will not be an obstacle.

Price points for these newcomers fall in the $20 and above range but toy merchants said this is no longer a stumbling block since Cabbage Patch smashed any price resistance barrier two years ago.

Another toy segment slated for potential stardom this year is the newly created girl's action category—a new market thrust for toy vendors, trying to integrate action fantasy figures and fashion dolls.

Discount Department Store Productivity

Sales	$4.4B
Sales per Store	$527,000
Dept. Size	2,570 Sq. Ft.
Sales/Sq. Ft.	$205.06
Turns	3.2
Initial Markup	36.9%
Gross Margin	27.9%



This advertisement is neither an offer to sell nor a solicitation of offers to buy these securities.
The offer is made only by the Prospectus.

NEW ISSUE

June 19, 1985

2,700,000 Shares

Ames

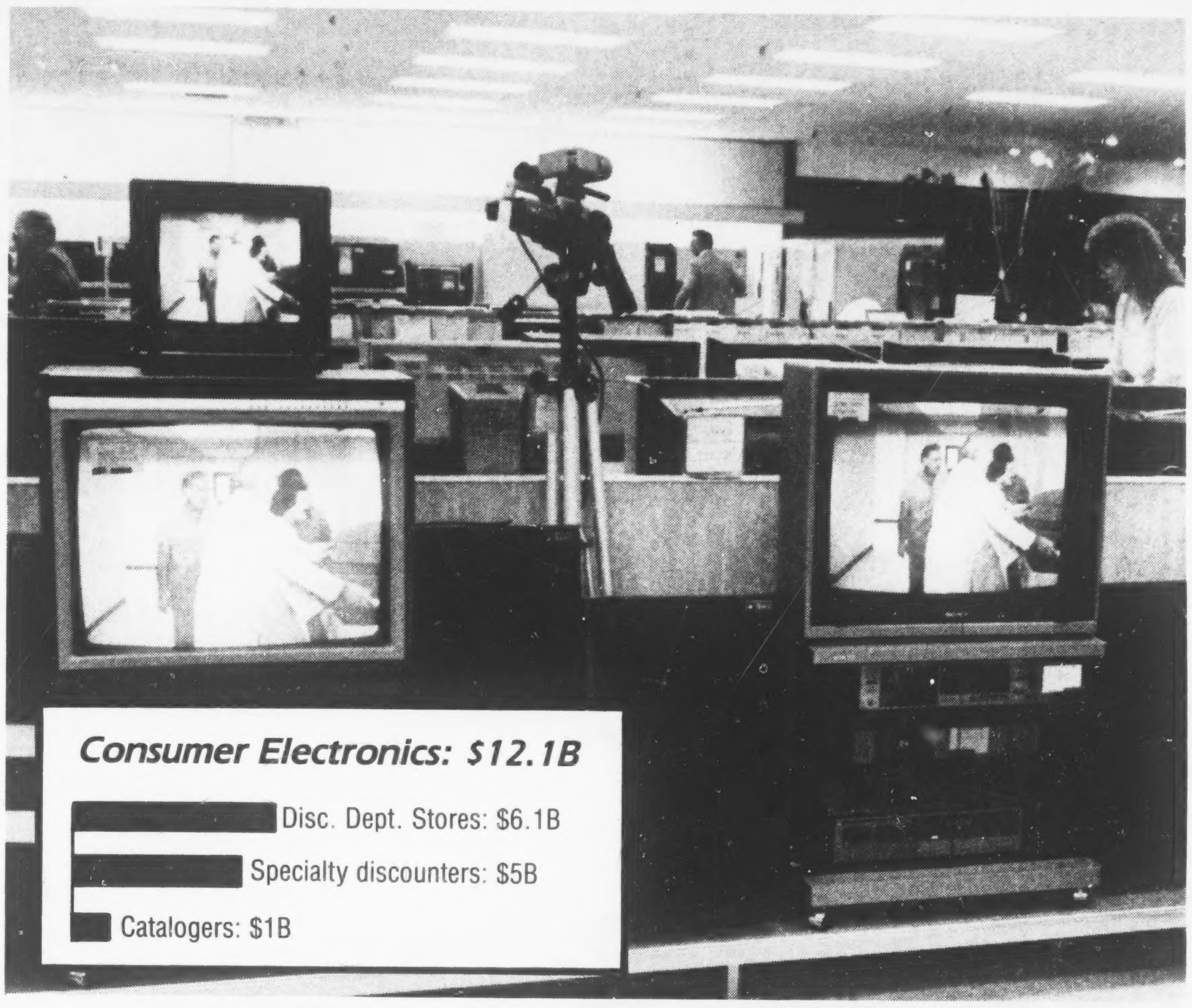
Common Stock
($.50 Par Value)

Price $47 Per Share

Copies of the Prospectus may be obtained in any State only from such of the several Underwriters, including the undersigned, as may lawfully offer these securities in such State.

WERTHEIM & CO., INC.

BEAR, STEARNS & CO.
THE FIRST BOSTON CORPORATION
ALEX. BROWN & SONS Incorporated
DILLON, READ & CO. INC.
DONALDSON, LUFKIN & JENRETTE Securities Corporation
DREXEL BURNHAM LAMBERT Incorporated
GOLDMAN, SACHS & CO.
HAMBRECHT & QUIST Incorporated
E. F. HUTTON & COMPANY INC.
KIDDER, PEABODY & CO. Incorporated
LAZARD FRÈRES & CO.
MERRILL LYNCH CAPITAL MARKETS
MONTGOMERY SECURITIES
MORGAN STANLEY & CO. Incorporated
PAINEWEBBER Incorporated
PRUDENTIAL-BACHE Securities
ROBERTSON, COLMAN & STEPHENS
L. F. ROTHSCHILD, UNTERBERG, TOWBIN
SALOMON BROTHERS INC
SMITH BARNEY, HARRIS UPHAM & CO. Incorporated
DEAN WITTER REYNOLDS INC.
ADVEST, INC.
WILLIAM BLAIR & COMPANY
A. G. EDWARDS & SONS, INC.
MOSELEY, HALLGARTEN, ESTABROOK & WEEDEN INC.
OPPENHEIMER & CO., INC.
THOMSON McKINNON SECURITIES INC.
TUCKER, ANTHONY & R. L. DAY, INC.
WOOD GUNDY CORP.



17% CE Sales Hike Eyed by Discounters

Nationwide DSN Report

Consumer electronics continues to be one of the hottest areas for mass retailers as the video boom rages on.

Indeed, many buyers, particularly in the growing specialty segment, see no end in sight to capitalizing on spiraling technology. More sophisticated versions of VCR's and TVs, combined with the projected explosion of compact disc technology and the eventual marriage of audio and video components, have many licking their lips in anticipation.

Coming off strong sales gains for the past few years, 1985 appears to be even more impressive. Discounters, including catalogers and specialty chains, are expected to sell over $12 billion worth of consumer electronics gear this year, over a 17% increase from 1984's $10.3 billion.

The greatest volume increase is expected from the specialty segment, projected to account for $5 billion in CE sales, over 40% of discounting's CE pie.

However, for both discount department stores and catalog showrooms, growth is not expected to be nearly as dynamic, primarily, because it takes a bit longer for technology to trickle down to the mass market level.

Overall, sales performance for discount department stores is expected to remain relatively flat. Catalog showrooms, for their part, are projected to slip to $1 billion in CE volume from last year's $1.1 billion sales mark.

For discount department stores and catalogers, one of the most pervasive problems has been the volatile home computer area. Several chains have recently given up entirely, frustrated with no margins, no turns, no manufacturer support and most importantly, no real consumer need.

Several chain buyers recently came to the same conclusion—at this time, they feel computers are not a mass market product. Besides the fact that many feel selling computers requires hand-holding sales assistance, which most discount chains cannot provide, many buyers indicated the lack of practical home applications as an important reason in their moves to abandon the category. Also, until services like home banking and shopping go online, they noted, computers will stay off their shelves.

On the other hand, VCR's and CD players aren't sitting on discounters shelves long enough to collect any dust.

With prices dropping below $200 in both segments, most retailers are expecting continued mushrooming of sales.

CE specialty chains like The Federated Group reported 75% VCR sales increase over last year. Discounters such as Zayre, T.G. & Y. and Heck's all anticipate doubling their VCR sales over last year. With VCR market penetration only at about 20% to 25%, future sales look extremely optimistic.

In addition, the advent of digital technology is expected to revolutionize the video category, integrating audio and video components, which will offer far superior picture quality and sound reproduction.

For now, CD players have already entrenched themselves as a staple, if not the current star of many audio departments. Chains including K mart, Gemco, Caldor and T.G. & Y. expect CD's to be among their biggest sellers this Christmas.

Discount Department Store Productivity

Sales	$6.1B
Sales per Store	$747,000
Dept. Size	2,300 Sq. Ft.
Sales/Sq. Ft.	$324.78
Turns	2.8
Initial Markup	31.0%
Gross Margin	19.5%

AN OFFER AS SHARP AS THE PICTURES YOU'LL GET WITH FUJI FILM
FUJI FILM
FUJICOLOR
2½" and 3½" SCISSOR SET

A FUJI FILM FALL PROMOTION TO HELP YOU SHARPEN SALES AND PROFITS

A scissor set offer plus sweepstakes* as sharp as the pictures your customers will get with Fuji Film.

Fuji's Fall Promotion is a cut above the rest for you and your customers. To start off, your customers will get super sharp savings on this two scissor set for only $2.95 (comparative $12.95 value) plus two proofs of purchase of Fuji Film.

Your customers can also win a dream Caribbean cruise.

Fuji's super sweepstakes gives your customers the chance to win a luxury Cunard Countess† cruise for two to 6 exciting Caribbean islands—plus lots of other prizes.

We're cutting *you* in on our sweepstakes too!

Just for participating in our Fall Promotion, you can have a chance to win the same cruise as your customers by entering the special retailer sweepstakes.

And don't forget how Fuji always gets your customers' attention with exciting in-store merchandising that's sharper than ever.

Join Fuji's Fall Promotion...and picture yourself sailing away with picture perfect profits.

FUJI FILM
FUJI PROMOTIONS MOVE CUSTOMERS AND FILM.

I want to participate in Fuji Film's "Scissor Sharp Sweepstakes Offer"

☐ I currently sell Fuji Film.
☐ I am interested in selling Fuji Film.

Mail to: **Mr. Paul Smith, National Sales Manager**
Fuji Photo Film, U.S.A., Inc., 350 Fifth Avenue, NY, NY 10118

Name ____________________
Company ____________________
Address ____________________
City ____________________
State __________ Zip __________ Telephone __________

*No purchase necessary to enter sweepstakes. Offer expires February 28, 1986. Void where prohibited.

†of British Registry

FUJI FILM
FUJI/CALDOR SAVINGS
CALDOR Features FUJI FILM
Photo/Camera: $3.6B
Disc. Dept. Stores: $3.3B
Specialty discounters: NA
Catalogers: $0.3B

35mm Autofocus Biz Livens Photo Section

Nationwide DSN Report

The dramatic proliferation of 35mm autofocus rangefinder cameras that have hit discount department stores in the last 12 or so months will continue as buyers broaden assortments, adding more moderate price points and more national brands.

The result has been a positive impact not only on camera volume, but also on sales of film, albums and processing.

Heck's, the Nitro, W. Va.-based discount department store, has made a strong entry into the 35mm autofocus category. The chain currently features five models, including Canon's Sure Shot and Snappy 50. Prices range from $69 to $129 with promotions generally knocking 20% off day-to-day prices.

While the autofocus cameras have shown strong growth, they've put a crimp in some stores' sales of higher priced single lens reflex (SLR) models, which carry significantly higher price tags.

One buyer believes that by offering more moderately priced stepups from simple 110 models, he's providing consumers with a reasonable alternative to stepping all the way up to price points over $200.

"The main difference between the autofocus models and SLRs for my customers is the lack of interchangeable lenses [on the autofocus models]," said one chain buyer. "Other than that, the autofocus models give them what they want at a much more affordable price."

One of the healthiest offshoots of this developing autofocus trend is related sales of 35mm film.

A Caldor buyer stressed that if the benefits of the autofocus camera are properly explained to consumers, the number of exposures will increase dramatically during the remainder of the decade.

Heck's, for one, is targeting a 15% increase in film sales for the year thanks to its 35mm camera growth. The buyer intends to include sharply priced film promotions in every one of the chain's 26 circulars.

Likewise, as consumers grow increasingly excited about the improved quality of their phototaking, the autofocus boom is expected to boost album sales.

Fishers Big Wheel, which recently changed its displays and adjacencies in the category, reported a 25% increase in album sales.

To promote his album business, particularly specialty books for oversized 4-in. x 6-in. prints, one eastern chain buyer is tieing an album ad to a monthly photo processing promotion which also emphasizes large-sized prints.

While the new cameras have rejuvenated many photo departments, they have also hurt their high-priced, high-margin specialized accessories business, including zoom lenses, flash attachments and filters.

An official with a Pennsylvania catalog chain stated the firm will move into smaller-scale accessories like camera bags, and try to increase sales of other lower-ticket tie-ons—such as batteries, cleaning kits, straps and film.

Camera merchants here and at discount chains like Caldor and Gold Circle with ample SLR selections are hoping new technologies will ease the competition with rangefinders. They are most optimistic about the entry of "decision-free" autofocus features on SLR cameras.

Discount Department Store Productivity

Sales	$3.3B
Sales per Store	$404,000
Dept. Size	675 Sq. Ft.
Sales/Sq. Ft.	$598.52
Turns	2.81
Initial Markup	25.12%
Gross Margin	18.03%

After 200 years, we're still coming up with ideas that click.
The new Retractor. Now you see it.
Click. Now you don't.
WILKINSON SWORD
THE NAME ON THE WORLD'S FINEST BLADES.

Wilkinson Sword® is proud to announce another innovation in shaving. The Wilkinson Sword Retractor.™ A product which comes to us direct from Europe. Where it has been a marketing success.

The Wilkinson Sword Retractor is the first and *only* disposable that retracts the blade between shaves to protect the blade and deliver a close, smooth shave.

The Wilkinson Sword Retractor razor. A new idea in shaving. Another innovative product from Wilkinson Sword. "The name on the world's finest blades."

Our new Management, Sales and Support teams are ready to make Wilkinson Sword shaving products profitable to sell and easy to receive. Call toll-free 1-800-241-8918 or write Wilkinson Sword, P.O. Box 7200, Norcross, GA 30091.

©1985 Wilkinson Sword, Inc., an Allegheny International Co.

New Presentations Doll Up Domestics

Nationwide DSN Report

Discount department stores are looking to improve domestics sales this year with new styles, patterns and colors, higher grade fabrics—and, in some cases, higher price points than were offered in the past.

At the same time, the list of discounters restaging their domestics areas has grown even longer this year. In its new prototype stores, Gemco's domestics department has evolved into a home fashion area that merges into housewares. Caldor, Jamesway, Richway, Ames and Fisher's Big Wheel have either completed or are in the process of relaying their domestics areas to create more appealing, contemporary environments.

Many of the changes blossoming in discount stores center on positioning home textiles as an integral, fashion-oriented part of home furnishings.

In Gemco's new prototype stores in Rowland Heights and Encinitas, Calif., this means pulling placemats, tablecloths and napkins out of domestics and into a merged 1,200-sq.-ft. fashion area along with dinnerware, drinkware, flatware and cutlery.

The Connecticut-based Ames is experimenting with a two-store test of higher-priced, more fashionable goods in a new store in Richmond, Va., outfitted with all-new fixtures, and in an older one in Meriden, Conn., where new merchandise was added to existing fixtures.

Overall, discounters have been broadening many domestics categories to include more fashionable and better quality assortments.

New Moves

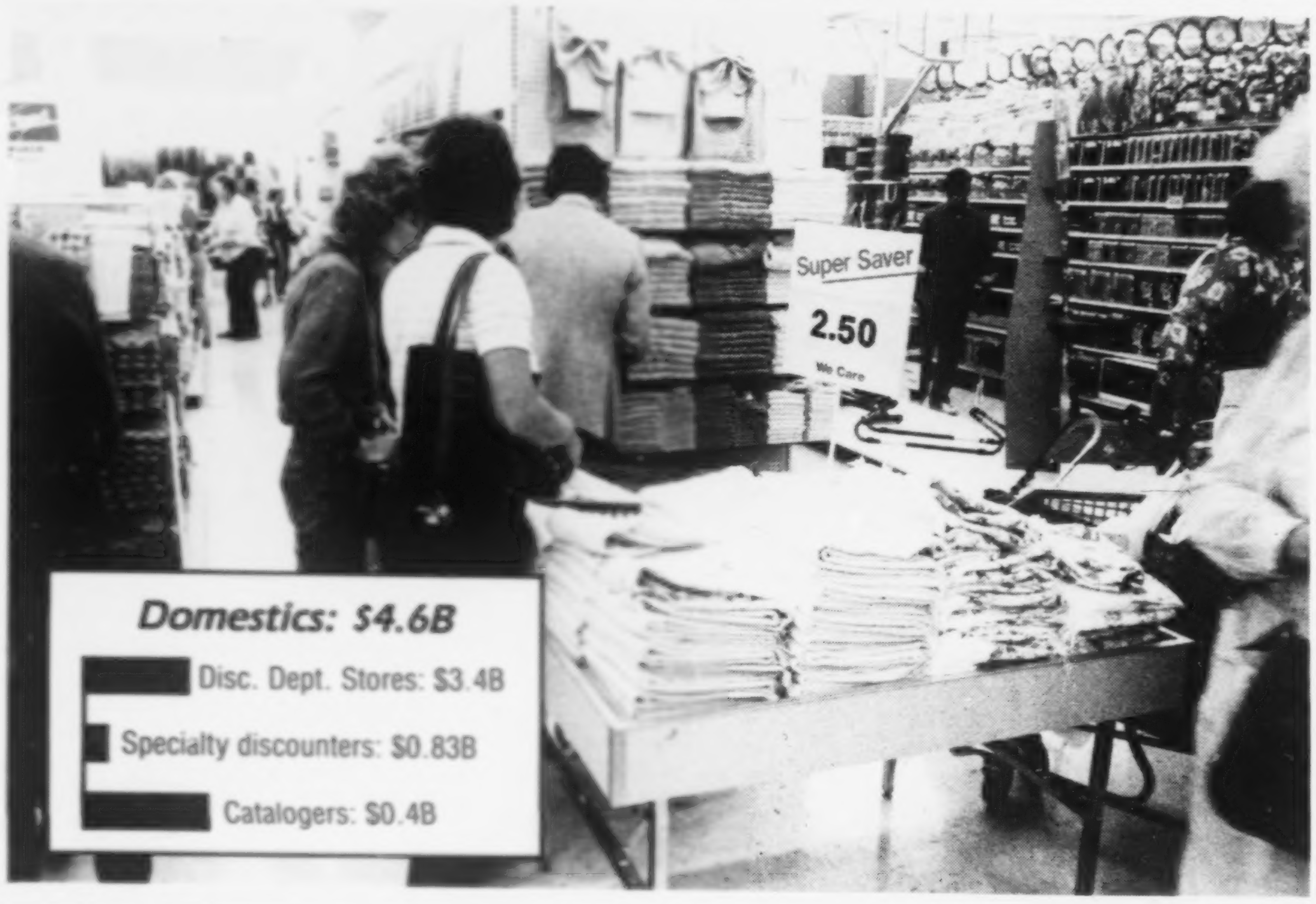
For the first time, this year discounters have begun offering the same patterns in kitchen ensembles and tabletop items like tablecloths, placemats and napkins, hoping to sell more of these high margin fashion items and increase multi-item purchases.

Taking their cue from the bed and bath areas, discounters have been focusing on stocking broader ranges of fabrics and textures as well as color in the kitchen textile/tabletop area, with new emphasis on woven and chintz fabrications, a switch from the more common quilted and ruffled items.

In its new Atlanta prototype store, Richway has even displayed an assortment of solid color placemats on a spotlit focal wall in its domestics department to emphasize the freshness of a solid fabric look.

In bedding, new 100% cotton and cotton rich flannel assortments will find their way into discount stores this fall, as opposed to last year's mostly cotton/polyester blends. Domestics buyers said they will also be offering flannel sheet sets in more sophisticated print patterns, adding to the traditional solid bone and blue and tiny floral printed patterns.

In the very profitable waterbed sheet business, where everyday margins are about 45% and in the mid-30% range on sale, discounters are adding more sophisticated patterns and florals to the standard fare of sailing and beach prints and satin fabrics. Some chains expect waterbed sheet to capture up to 15% of their total sheet sales this year.



Discount Department Store Productivity

Sales	$3.4B
Sales per Store	$417,000
Dept. Size	3,130 Sq. Ft.
Sales/Sq. Ft.	$133.23
Turns	2.7
Initial Markup	44.21%
Gross Margin	34.1%

WHEN THE COMP
NEW THERMOME
OUR NEW BLOOD P

Sharp's new digital thermometers offer instant relief for long-term sufferers of glass thermometers.

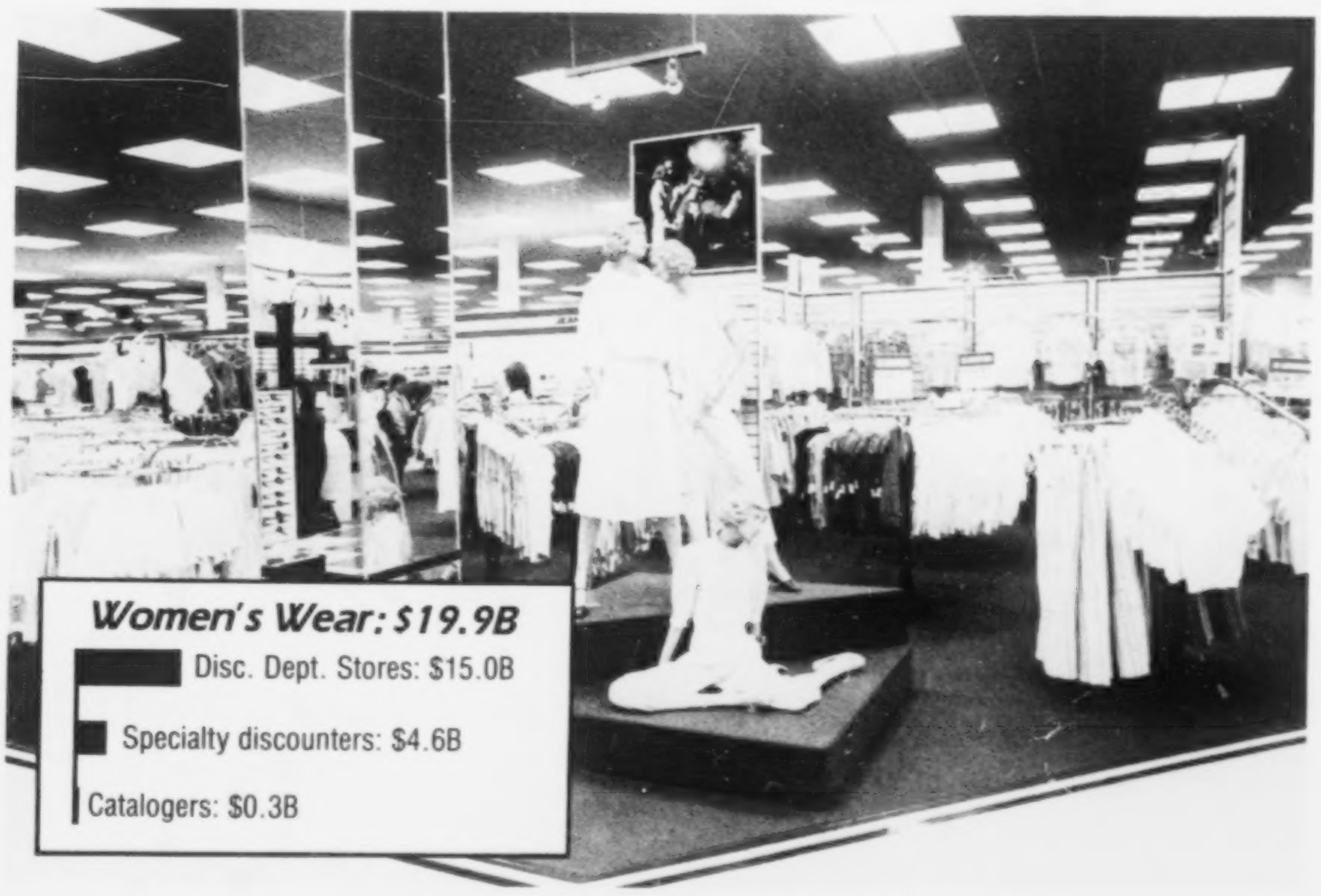
They have large digital displays so your customers won't raise their temperatures just trying to read them.

They're accurate to ±0.2°F. One even "beeps" when it's completed the reading and advises of a fever if the temperature goes over 100°F.

You could probably sell a million if they were only priced right. Right? Well, how does a suggested list price of about $15 sound for our top of the line model? And under $10 for our basic model?

It's enough to make your heart beat a little faster, isn't it?

Which brings us to our new automated blood pressure monitors.



More Fashion Impact Due in Ladies' Wear

Nationwide DSN Report

Ladies' apparel remains the leading volume producer at discount department stores.

But, chains are mapping heftier margins and more fashion impact in what is often their most markdown-plagued category.

Product development—private label, captive labels, import programs that follow retailers' specs, and licensed names—is considered a key to achieving those goals.

Off-pricers and catalog showrooms, which concentrate on discounting brands, are suffering with narrowing margins as they compete more with each other and promotionally active department stores for ladies' apparel volume.

At presstime, no cataloger has gone chainwide with ladies' wear. The regional cataloger David Weis dropped ladies' apparel because of the influx of off-pricing in Pittsburgh. Ardan, a 50-unit Iowa-based showroom chain, has been testing the category in nine stores and Service Merchandise is continuing an 11-store test that has been running in the H. J. Wilson chain it purchased last May.

K mart, Target, Hills, Venture, Gold Circle and Jamesway are all combining discount store brands like Gitano, Garan, Lee and Wrangler with collections under house labels to buoy their apparel bottom line. Although programs spill over into men's and children's wear, they usually show up first and to a greater extent in ladies' sportswear.

At Venture, for example, ladies' wear was underdeveloped in terms of volume share about a year ago, said soft lines/marketing vp Maxine Clark. Part of the solution was a related separates imports program under labels such as Headliner.

Successful Trade-up

Starting in spring of this year, pants, sweaters, skirts and tops were color-keyed to match in the Orient and ordered with more detailing such as extra pockets buttons. Such programs allow Venture to offer a fashion-oriented coordinate group without adding a price point to the department. It is also a way to get shoppers to return for matching pieces or to make a multiple purchase on the spot.

The new import programs, combined with a 50% cut in the number of domestic sources (which made Venture a more important client to the remaining resources) and increased buying in the California market, are pushing ladies' sportswear sales ahead by over 50% so far this year. Clark said fall '85 house-label programs are even more extensive.

Jamesway also added ladies'-related coordinates to its private label (HJA) program this year.

At K mart, house labels now account for about half the ladies' wear volume. This month Jaclyn Smith licensed sportswear joins labels such as Hunters Glen, Jonathan Logan, Jennifer Michaels (plus sizes), and New Departures.

K mart typically targets a specific styling trend and comes up with a name and then targets the label to stores where the shopper profile matches the styling. If a style fizzles out, K mart can retire the label and bring in a new style and label.

Discount Department Store Productivity

Sales	$15.0B
Sales per Store	$1,338
Dept. Size	10,000 Sq. Ft.
Sales/Sq. Ft.	$183.80
Turns	4.7
Initial Markup	48.1%
Gross Margin	37%

ETITION SEES OUR
TER THEY'LL NEED
RESSURE MONITOR.

SHARP
122 87 82
POWER
PRESET VALUE
DEFLATE
INFLATE

For the 60 million Americans with a blood pressure problem they're the perfect early warning system.

And for the millions of fitness-conscious Americans who work out, using them could easily become a daily exercise.

TV advertising is creating sales for these new products, so call your Sharp representative or call Sharp direct at 201-599-3821.

Missing out could really make you feel ill.

Sharp Electronics Corporation
Home Medical Equipment
10 Sharp Plaza, Paramus, NJ 07652

☐ Please send me complete information on Sharp Home Medical Equipment.
☐ Please send me the name of my nearest Sharp Home Medical Equipment representative.
☐ Please have a representative call me.

NAME________
TITLE________
COMPANY________
ADDRESS________
CITY________
STATE____ ZIP____
Dept. MED—DSN-7-22-85

SHARP

FROM SHARP MINDS
COME SHARP PRODUCTS™

A/V EQUIPMENT, AUDIO, BANKING SYSTEMS, BROADCAST CAMERAS, CALCULATORS, CASH REGISTERS, COMPUTERS, COPIERS, ELECTRONIC COMPONENTS, ELECTRONIC TYPEWRITERS, FACSIMILE, MEDICAL PRODUCTS, MICROWAVE OVENS, TELEVISIONS, VIDEO RECORDERS

© 1985 Sharp Electronics Corp.

Chains Eye Upsurge In Consumables Biz

Nationwide DSN Report

Discounters are predicting strong gains in consumables, spurred on by additions of higher priced chocolates, added space and promotion of nuts, chips and other snack items, and beefed-up checkstand displays.

Also, buyers are reporting an upswing in sales of higher margin seasonal and holiday goods.

Buyers at K mart, Gold Circle and T.G. & Y. have all projected this year's sales growth could match the 20%-plus increases of 1984.

For its part, K mart is aiming to insure category growth this year and even greater growth in 1986 with a stronger commitment to the consumables department. Its strategy involves tracking product movement on a regional and national basis to tailor part of its mix to local shopping tastes; further testing of The Party Shop consolidated consumables and liquor concept; cutting back on private label packaged foods, and increasing consumables advertising in chainwide flyers by 20%.

Gold Circle, too, is working to repeat last year's success in consumables. In 1984 the chain increased candy sales 22% with aggressive promotions and by maintaining heavy in-stock position during holiday periods.

Sales of Hershey's Big Block chocolate bars tripled when they were advertised three for $1, compared with other chain's two for 89¢ promotions and its own daily selling price of 49¢.

High Volume Eyed

Also, the chain gained 60% in sales of loose chocolate bars when it added the nation's top 16 brands to the checkout area.

Plans to keep up the momentum at Gold Circle this year included tests of a 4-ft. shelf of imported boxed chocolates for everyday sales; the possible addition of better chocolate brands such as Cadbury and Tobler, also for everyday sale, and dummy display boxes for seasonal products. Also, the chain began promoting the department more often, with consumables appearing in two more first quarter flyers than it did last year.

T.G. & Y. is expecting 15% department growth this year since reworking its mix and its planograms chainwide last year. The new planogram cut 20% of space from chocolate tray packs, bite-size bags and M&M's, leaving more space to faster growing snacks like nuts and chips.

The chain also adjusted pricing and labeling of its 30-item rebag program, wherein an outside company is contracted to buy candy in bulk and bag it according to T.G. & Y. instructions. Now, mostly children's candies like gummy bears and bubble gum that are not identifiable by brand sell at two for $1 for 2-4-oz. bags rather than 99¢ each. Packages also carry the name of the rebagger instead of a private label.

At Hills, where the focus is on snack foods rather than candies, 8-ft. snack sections were added in new and remodeled stores.

Most chains stock only limited grocery items in consumables sections because supermarket competition drives margins on these items down to the 10% to 15% range. On the other hand, discounters enjoy gross margins from candies and snacks greater than 20% and margins of more than 30% from seasonal and holiday goods.

Despite this, Pamida has established a permanent 40-ft. display area in its stores for nonrefrigerated staple groceries, as well as candy and snacks.

At K mart, department volume growth was driven last year by higher-priced tinned and boxed candies, more so than by its packaged food section or its snacks.

However, the chain does feature a 20-ft. packaged grocery and deli run near the front end, by a 60-80-ft. display of candies and snacks that expands seasonally into promotional space.

The chain has plans to tailor the program to local consumer preferences using SAMI (Selling Areas Marketing Inc.).

Discounters expect fast-turning candy and snacks to help lift consumables sales 15% to 20% this year. Caldor, Medford, Mass., devotes a 12-ft. run to crunchy snacks like nuts, chips and cheese balls.

SAWHORSE BRACKETS
EXTRA HEAVY DUTY NO-RUST GALVANIZED STEEL
PowerToolOrganizer
Holds Drill, Circular Saw, Saber Saw, Sander and Accessories
STORAGE HOOKS
BUILD-A-DECK
3Ft. Tool Rack

DIY Winners that Sell on Sight.

Essential Products for the DIYer
Crawford understands the impulse nature of DIY sales. That's why we've designed our packaging and products to be as tempting to the DIYer as they are useful. Our tool organizers, storage hooks, sawhorse brackets and legs, shelf brackets and lumber connectors offer durability and convenience to insure customer satisfaction.

Award-Winning Packaging
Colorful and informative packaging will catch your customer's eye and quickly close the sale. And you'll have the flexibility of vertical or horizontal merchandising on shelf or pegboard. In-use illustrations on every package promote additional sales of related tools and accessories.

"Dollar Cruncher" Specials
Throughout the year, Crawford offers special "Dollar Cruncher" pricing on our best-moving DIY products. This program, offered well in advance, is designed to support your advertising and stimulate big profits.

For more information
Write or call Crawford Products, and find out about our unique products, packaging and support. They do their best selling on impulse. Phone toll-free, 1-800-225-5832, in Mass. (617) 826-8141.

crawford products, inc.
301 Winter Street
West Hanover, MA 02339

See us at Booth #407 at the National Hardware Show

OMNIWALL
BY SPACEWALL INTERNATIONAL

OMNIWALL IS AN EXCITING NEW INNOVATION FROM SPACEWALL INTERNATIONAL THAT PROVIDES THE USER ERROR FREE INSTALLATION. OMNIWALL IS PART OF A PRODUCT SELECTION THAT INCLUDES SPACEWALL, J-METALWALL, ECONO SLATBOARD, METAL SLOTWALL, AND A FULL LINE OF SLATBOARD MATERIALS THAT INCLUDES PLASTIC AND METAL HARDWARE.

SPACEWALL INTERNATIONAL
PHONE TOLL FREE 800-241-6637

SPACEWALL WEST
PHONE TOLL FREE CALIF. 800-643-4952
WEST OF MISS. 800-221-5552

SPACEWALL ENGLAND
WELLINGBOROUGH, ENGLAND 0933-673777

SPACEWALL NEW ZEALAND
(09) 274-4089

SPACEWALL, INC.
4509 Stonegate Industrial Blvd.
Stone Mountain, Ga. 30083
404-294-9564 GA
800-241-6637 toll free

Bills Affecting Retailers Introduced in State Legislatures

The following is a rundown of pending state legislation, as collated by the Association of General Merchandise Chains (AGMC).

ADVERTISING

Oregon

HB3027 would extensively amend the law regulating advertising practices.

ADVERTISING TAX

Iowa

SB458, imposing the sales tax on advertising services, has been withdrawn.

New York

SB 550, providing that receipts from sales of advertising in newspapers and periodicals shall be attributable only to the extent that the publications are delivered to a point within the city for purposes of computing the New York City general tax, has been substituted by AB3337. That bill has passed the Assembly.

BAD CHECKS

California

AB1609, limiting the fees for bad checks to a certain amount, has gone to a third reading in the Assembly.

Connecticut

SB390, imposing civil penalties on persons who issue bad checks, failed to pass in the Senate. The rules were suspended and the bill has been sent to the House. The bill was previously reported in an earlier bulletin.

Florida

HB624, authorizing the state's attorney to create a bad check diversion program, has been amended and recommended for passage by the House Committee on Criminal Justice. The bill has been sent to the House Committee on Appropriations.

Illinois

SB957, requiring service fees for bad checks to be assessed only against the drawer of the check, has passed the Senate.

Iowa

SB309, dealing with penalties for bad checks, was amended and passed by the House. The Senate has concurred in the House amendment.

Massachusetts

SB1475, dealing with issuing bad checks, has received a do not pass recommendation from Senate committee.

Minnesota

HB368, eliminating the requirement that a copy of a bad check be sent to the maker along with a notice of dishonor and requiring a citation to the statutes instead, has been signed by the governor.

Missouri

HB42, providing for triple damages in bad check cases, has passed the House and has been substituted and recommended for passage by Senate committee.

Nebraska

L445, authorizing county at-

(Continued on page 132)

Single Caldors to Invade Philadelphia and D.C. Areas

(Continued from page 1)

more Caldor openings next year.

Second, to increase profits and volume in existing stores by selling more high-margin, fast-turning goods such as soft home, furniture and eventually more apparel.

To that end the chain is replacing major appliances and fabrics with expanded domestics and a 1,500-sq.-ft. KD furniture section in all 106 of its stores.

Their strategy holds to the mandate Guinan said the discounter's parent company, Associated Dry Goods, first outlined for him upon his arrival. The initial target was 200 stores and $2 billion in volume by 1990. The goal, however, was apparently scaled back by ADG. At the parent's annual meeting earlier this year, 50 new Caldors were projected for the next five years—almost half what Guinan said the chain had targeted, in an interview last fall.

With a more modest expansion plan, Guinan and Williams are concentrating on a new advertising stategy. The chain's ad budget is being totally revised to finance Caldor commercials on television for the first time in all but one market later this year. The executives also slashed its ROP budget in half to channel those funds into circular ads, said Guinan.

Although remerchandised and backed by a strengthened ad plan, Caldor will be outstored by Bradlees as it moves southward.

When Caldor opens its Fairless Hills, Pa., store outside Philadelphia this fall, the chain will be following by months Bradlees' purchase of 18 former Jefferson Ward stores in the Philadelphia/Wilmington market. In fact, the Caldor unveiling could coincide with one of three previous planned Bradlees openings in the market this year.

Bradlees and Caldor already compete in northeastern metro markets from Massachusetts down into New Jersey, and south to Baltimore. The battle in Philadelphia will include three upscale chains: Bradlees, which will have 21 stores there by next March; Clover, the local 19-unit division of Strawbridge & Clothier, and Caldor. The repositioning K mart chain operates close to four dozen units in the Philadelphia/Wilmington area.

Jamesway, Gee Bee and Ames (including Murphy's Mart stores) are also part of the discount store population in the Philadelphia area.

Guinan sees the Washington, D.C., market as an extension of the Baltimore market where Caldor operates seven stores. With next year's openings—about four in Washington—Guinan has projected the Baltimore/Washington area will have as many as 15 Caldor stores by the end of next year, according to company reports.

In Washington, Bradlees is already six stores strong. But in Baltimore Bradlees operates only four units compared to Caldor's seven.

Not all Caldor's growth markets are within the Bradlees trading area, however, despite the proximity of the East Coast's northern metro markets. On Long Island, for example, Caldor competes only with locally based TSS-Seedman's. Caldor currently operates eight stores in the suburban New York market (four of them in former Woolcos) and is slated to add more next year.

Beside the unit growth, Caldor is looking to boost its profits and margins through merchandising realignment. Domestics departments are being expanded by 12% and 1,500-sq.-ft. KD furniture departments also are slated for all 106 stores by the end of next month, according to president Leonard Williams.

The Reason Why

By those moves and by dropping major appliances and fabrics Williams said he's going after businesses that are easier to develop and that can bring more money into the chain. "It's a matter of productivity," Williams said.

Guinan and Williams are anchoring their future merchandising and marketing revisions on the results of shopper interviews.

"The survey reaffirmed that Caldor is a distinctly upscale hard lines driven chain," Guinan said. "What makes it upscale is its shoppers."

To them the best tennis racquet, for instance, isn't at a $14.99 price point. It may be at a $100 price point to represent the best value.

With that upscale shopper profile in mind, Williams sees the next step in building soft home and apparel business from its 35% share as "adding a top layer" onto the assortment. He characterizes it as merely adding a price point or two—"nothing revolutionary."

Williams sees KD furniture as a natural extension of Caldor's existing hard lines business. "We already sell patio furniture, and a one-year limited test of KD furniture was producing well when I arrived," he said.

"We do a strong housewares, tabletop and decorative home business, and an expanded KD furniture section fits in with those strengths." The broadened assortment includes rattan oriental, white modular and brightly colored contemporary furniture, Williams added.

Behind the scenes, Guinan and Williams have changed the way Caldor buyers do their jobs, in what they explained as margin-boosting efforts. A new edict requires buyers halt the use of importers and establish their own direct-import programs.

By cutting out the cost of a third party, Williams expects margins to rise. By sending buyers abroad he expects them to get fashion trends into the stores earlier.

At ADG's annual meeting Guinan said the chain would be importing $150 million in retail value by the end of next year. He and Williams told *DSN* that the number of imported items in Caldor won't change right away; the way the goods are obtained is new.

Meanwhile, Guinan has accelerated the development of computer supports for Caldor. He said the chain's information loop will be completed by late next spring. That means all information on goods sold, received or transferred to another store will be available daily to the buyer via crt.

Closeouter Consolidated Goes Public

(Continued from page 2)

hand tools, paints, pet food and Christmas items on a continuity basis, regularly purchasing this merchandise. These items account for 5% to 10% of total sales, the prospectus noted.

The retail store operation is under Sol Norflus, vice president-retail, who had been chief operating officer of the Rink's discount store chain prior to its acquisition by Cook United.

Forty-nine of the stores are managed by persons who had previously run Rink's stores, providing Consolidated Stores with "store managers with significant experience in discount retailing," according to the prospectus.

Of the $33,350,000 raised by the offering, $30,587,000 will go directly to Consolidated Stores, with the rest used to pay the underwriters discount and stock sale expenses.

Consolidated Stores acquired its predecessor in a complex financial deal that included a $33,118,000 cash payment, issuance of a contingent note for additional payments based on future earnings and assumption of the old company's liabilities.

New Moves

The company raised $23.5 million to finance part of the acquisition through the issuance of various classes of stock to different investors, including members of the Shenk and Schottenstein families and venture capital firms.

The company will use $28,725,000 to repay debt, $19,118,000 of which was directly incurred in funding the acquisition. These acquisition related payments include the $6 million contingent note, a $9.6 million revolving bank loan and $3.5 million of subordinated debentures held by the venture capital firms.

Of the debt, the $6 million contingent note, about $3 million of the subordinate debentures and approximately $7.7 million of the revolving credit and short-term bank borrowings are held by individuals and institutions—the venture capital firms, some of which are owned by banks—"which may be considered affiliates of the company," the prospectus stated.

Goldbergers in Group Seeking SCOA

(Continued from page 2)

from $13,265,000, along with an 8.1% increase in primary earnings per share to $2.40 from $2.22.

Stockholders at the May annual meeting also approved an employment agreement for Schiff that would pay him $2.5 million should he leave the company prior to Jan. 30, 1988, due to changes in control of SCOA.

That agreement triggered speculation that SCOA was a likely buyout candidate.

Schiff is the largest individual holder of SCOA stock, directly or as co-trustee controlling 1.4 million shares of 8.7% of the total stock.

According to the proxy statement for this year's annual meeting, the Equitable Life Assurance Society controls the largest stake in the company, 2.1 million shares or 12.8%; Lincoln Capital Management controls 1.2 million or 7%.

Lee and other SCOA executives have declined to discuss the financing for the leveraged buyout or any moves that the group may take affecting the company.

Trade observers speculated the buyout group would likely sell some SCOA businesses to help finance the deal and to fuel other operations.

SCOA's shoe businesses, particularly its retail shoe business which is believed to be unprofitable, are targeted as the sell-off candidates.

Lee said, "We're studying all alternatives," but noted that Hills discount stores would be the key vehicle for future expansion.

"Hills is a spectacular retailer. Its operating numbers compare very favorably with other major retailing concerns," he said.

Lee, who would become a nonoperating director of SCOA should the deal go through, said that "all management will be in place doing exactly what they have been doing."

Jewelry Sales Sparkle

(Continued from page 110)

litt can testify to the importance of presentation to jewelry sales. Last year costume jewelry volume at the chain doubled after taller freestanding showcases that display 80% more merchandisers than older spinners and countertop fixtures were brought in. So far this year, jewelry sales are running 58% above last year's. Boblitt expects to end '85 at least 40% ahead.

Some of the trends he cited as strongest going forward include:

- Chain drop earrings made popular by Madonna have four or five chains that dangle with anything from pearls to crosses.
- Huge fake pearls in necklaces or earrings colored pink, gray or champagne.
- More color; from fall brights to deep jewel tones and pearlized pastels.
- Gold and silver-plated button earrings updated with textured patterns.
- Pins that combine chains and stones—another sign of Madonna's influence.
- In fine jewelry, sterling silver, tricolor jewelry, thick chains and freshwater pearls have the most fashion appeal.

In watches, knockoffs of fashion watches from Swatch, Giallo and Guess prompted Boblitt to go from 24 styles last spring to 96 for this fall. Prices range from $7.99 for a jellybean plastic band to $19.99 for some leather banded models. Watches on brightly colored telephone wire that can be worn around the waist, neck or arm will be part of the BTS assortment.

Kids are buying up 49¢ colored bracelets that sometimes have liquid sparkles or glow in the dark, and plastic link necklaces loaded with charms. Boblitt is selling 5,000-10,000 bracelets a week.

0024037C DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1EU
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING
6
Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.
$2 per copy
AUGUST 5, 1985

lcor Inc. Plans lerge Its Two Showroom Chains

WILKES-BARRE, Pa. — Jewelcor Inc. has disclosed plans to consolidate its two catalog showroom chains, melding the management and merchandising of Edison, based in Fort Worth, Tex., into the 16-unit Jewelcor, headquartered here.

The move "isn't intended to change Edison's operations," said Eugene M. Rich, Jewelcor's executive vice president, finance. Edison will retain its name and merchandising programs for its seven showrooms in Texas and one in Oklahoma, he said.

The proposed consolidation is the fourth in the showroom industry this year. Earlier, Best Products merged the merchandising and operations of the six chains it purchased a few years ago into its Best operation, but kept their logos. Service Merchandise acquired and completely absorbed H. J. Wilson and Ellman's, including dropping the latter two chains' nameplates, their merchandising and operational programs and almost all nonshowroom personnel.

Rich said complete plans for the consolidation, including personnel decisions, haven't been finalized. "We plan to absorb Edison people into Jewelcor as far as possible. We are talking with Edison people who want to relocate," he said.

Rich cited reducing costs and the elimination of duplicate functions as the reasons for the consolidation. He noted Jewelcor would be able to realize cost savings and larger advertising accruals through greater volume buys. Previously, Jewelcor and Edison negotiated separately with vendors.

Each chain currently has its own buying staffs. Both use the Jewelcor Merchandising catalog, but Edison's version includes a guild jewelry section along with expanded sporting goods and lighting sections.

Edison showrooms use a self-service, mass display format for all areas except jewelry and include health & beauty aids as a not-in-catalog department; Jewelcor is a traditional clipboard-order showroom chain.

Edison, which merchandises and produces its own flyers and doesn't use Jewelcor Merchandising's promotions, direct mails its advertising to a self-maintained mailing list. Jewelcor's flyers are inserted in newspapers and/or bulk mailed.

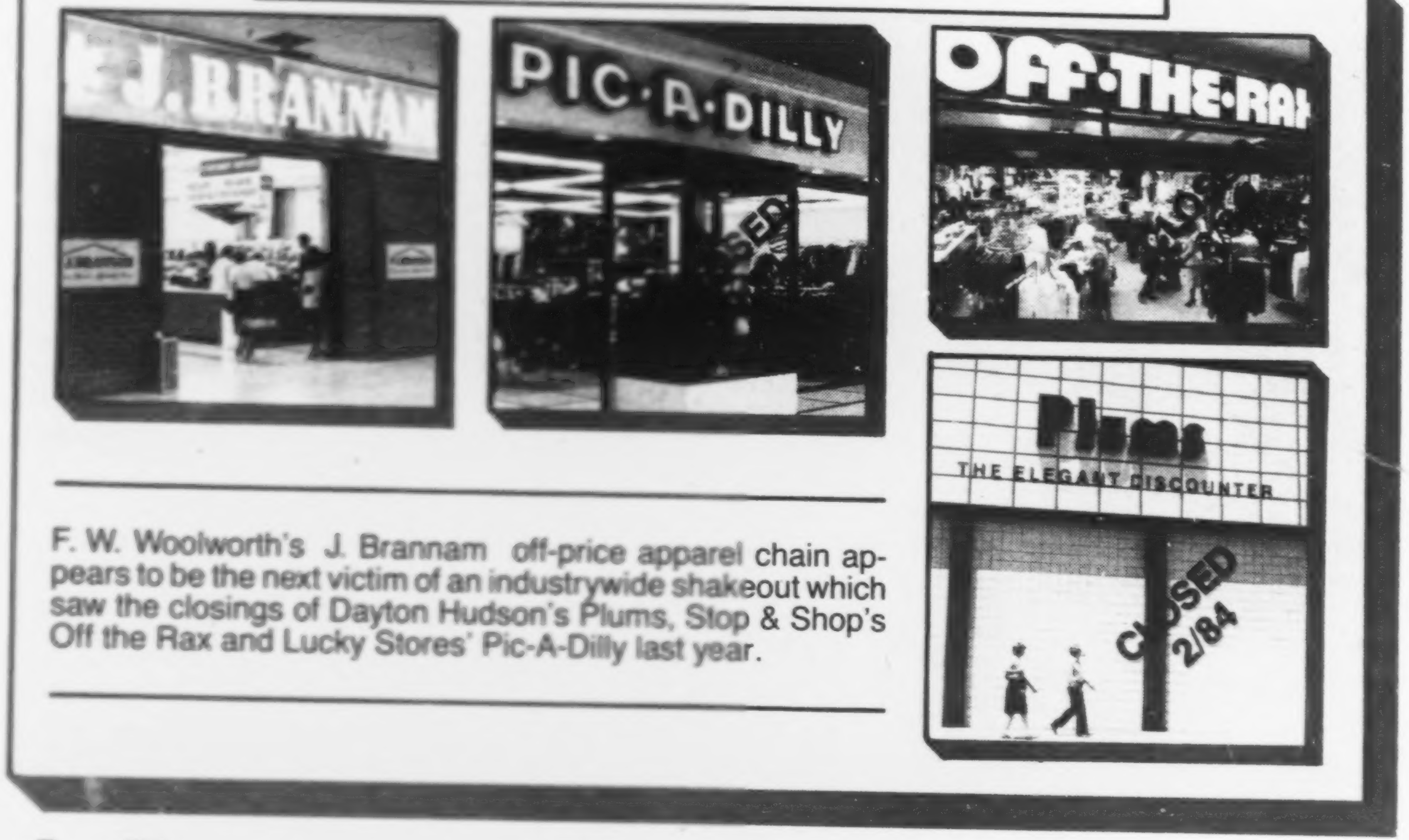
Rich and Jack Dougherty, executive vice president and general merchandise manager, are Jewelcor's top executives; that operation, unlike Edison, doesn't have a president.

Robert D. Benda, Edison's president, said he was discussing his future responsibilities with Jewelcor.

He noted the Edison consolidation would about double Jewelcor's volume and greatly increase its store count, "so there probably is a need for additional people to handle the expanded operation. There will have to be some staff blending to maintain Edison's unique merchandising and regional fo-

(Continued on page 34)

Shakeout Among the Off-Pricers



F. W. Woolworth's J. Brannam off-price apparel chain appears to be the next victim of an industrywide shakeout which saw the closings of Dayton Hudson's Plums, Stop & Shop's Off the Rax and Lucky Stores' Pic-A-Dilly last year.

J. Brannam Closes 16 Stores; The Chain's Future Is in Doubt

By KAREN PAXTON

NEW YORK — F. W. Woolworth is expected to shutter the entire J. Brannam off-price apparel division within three to four months, according to industry sources.

The company recently announced the closings of 16 Texas units next month: nine in Houston, five in Dallas, one in Beaumont and one in Austin. Earlier this year the chain closed four stores: two in Tucson, Ariz., one in San Antonio and one in Denver.

At presstime, Woolworth officials would neither confirm nor deny that the chain plans to eventually close the remaining 17 stores it operates in eight states including three in Texas. The company only said it was pulling out of major markets to minimize its losses.

Industry insiders, however, see the Texas closings as "just the first step." "You're going to see the rest of the chain fold in another 90 to 120 days," said one off-pricer who competes in Texas markets.

That executive said Woolworth probably closed its Texas major market stores first because it can easily peddle its real estate leases in those areas to its host of former competitors.

In any case, the closing of more than half the J. Brannam stores (20 of 37) since the start of this year highlights the shakeout currently gripping the off-price apparel industry.

Last year that shakeout was documented by the selling of Pic-A-Dilly by Lucky Stores and the sale of Off the Rax stores by Stop & Shop. Pic-A-Dilly stores were bought by The Limited and changed to Sizes Unlimited budget stores. Off the Rax was absorbed by the Dress Barn, another off-price chain.

The J. Brannam scenario also raises the question as to how long a company should continue to pump money into an unprofitable off-price operation before pulling the plug. The six-year-old J. Brannam chain has never turned a profit and last year registered a $9 million

(Continued on page 22)

IN BRIEF

- **K MART CORP. HAS** announced plans to build an additional 50 Builders Square home improvement centers by the end of next year. There are currently 21 units in Texas, Oklahoma, Illinois, Ohio, Michigan and Florida. Sites for the new stores were not announced.
- **THE DRUG EMPORIUM** plans to more than double its presence in the Philadelphia market by the end of this year. The deep-discount drug chain is scheduled to open six more stores in the market, where it already operates five units.

Maurice Segall: A Catalyst for Zayre's Entrepreneurs

By AL HELLER

FRAMINGHAM, Mass. — Maurice Segall, catalyst of Zayre's turnaround, hates surprises, even good ones.

"They show you're out of control," said Segall, who is known for his crisp and well-articulated leadership style.

He learned that lesson early in his youth.

He grew up an Orthodox Jew in a poor Montreal neighborhood where he attended a Protestant school. "By the age of 7, I knew people weren't telling me everything. I developed a deep-seated skepticism for the 'ologies' and a deep-seated tolerance for other points of view," said the president and chief exeuctive officer of $3.1 billion Zayre Corp.

(On Aug. 11, Maurice Segall will be inducted into the Discounting Hall of Fame at *Discount Store News'* annual SPARC Awards banquet in Chicago.)

For more than a quarter century, Segall, 56, has used that hard-nosed street sense as a filter for his business decisions—most recently in guiding Zayre's massive turnaround.

His rules are clear: People who work hard under him get

(Continued on page 34)

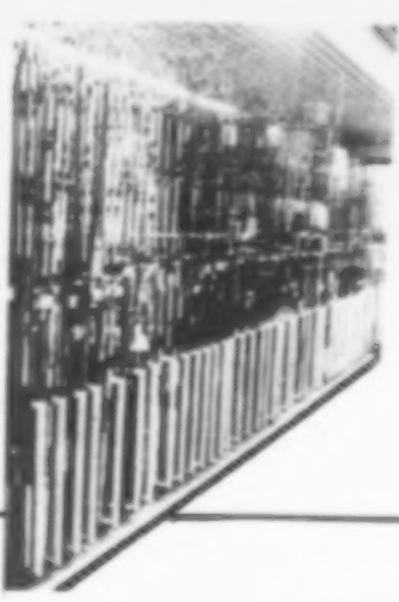
1984 Discount Hall of Famer

"By the age of 7, I knew people weren't telling me everything. I developed a deep-seated skepticism for 'ologies' and tolerance for other viewpoints."

—Maurice Segall
President and ceo,
Zayre

Ross Stores goes public to fund bid to become the country's second coast-to-coast off-price apparel chain.

—See p. 18



AFTMA Show Preview

Riding high on strong first half fishing tackle sales, buyers are heading for the annual American Fishing Tackle Manufacturer's Assn. (AFTMA) Show in St. Louis looking for new resources and products.

(Story, p. 3.)

Index

Apparel 18, 22
Catalog Showroom News 10
Classified................. 27-31
Editorial Page 9
Housewares.................. 17
Manufacturer News 33
Sporting Goods Census ... 3, 23-24
Stock Update.................. 4

Crazy Eddie Set to Open 2 More Manhattan Units; Goal Is 50 in Area by '90

NEW YORK — Crazy Eddie, New York's largest consumer electronics retailer, will open a new store here in November two and a half blocks away from another of its units that did over $14 million in sales last year.

The new location, on Lexington Avenue, is directly across the street from Bloomingdale's in one of the busiest retail areas in New York City.

Crazy Eddie's strategy, according to several industry analysts, unlike its much ballyhooed prices, doesn't appear to be insane.

In fact, Eddie Antar, chairman and president of the chain, believes the new store can top $10 million in its first year of operation even though its W. 57th Street store, only two and a half blocks away, saw sales of over $14 million in '84. Last year, the average Crazy Eddie store did about $12 million.

Although the danger of cannibalization appears to be an obvious pitfall, according to many industry observers, Crazy Eddie's past sales performance indicates otherwise.

The chain's Upper East Side unit, on 86th Street and Third Avenue, opened last September and saw sales of $12 million, while its store on W. 57th Street and Third, about a five-minute subway ride away, continued to show more than a 10% comparable store increase, reaching sales of $14 million.

The density of the tristate marketplace can also be seen in New Jersey. Crazy Eddie's units in Paramus and Totowa, less than a 15-minute car ride away from each other, continue to be among the chain's highest volume units, with Paramus projected to exceed $20 million in sales this year.

The Lexington Avenue debut typifies Antar's thesis that the tristate metropolitan area, with its 70-mile advertising umbrella, can easily support a minimum of 50 Crazy Eddie stores.

"What share of the market will we have to capture in order to reach our goal of 50 stores in the New York area over the next several years? Crazy Eddie last year had annual sales of $167 million, or less than 5% of

(Continued on page 33)

Top 10 Chains Top $1B in Sales

Chain (Hq. State)	Volume, Fiscal 1984 (in millions)	Number of Units			Avg. Store Size (Sq. Ft.)
		1/86	1/85	1/84	
Herman's (N.J.)	$368.4	126	115	102	10,200
Oshman's (Tex.)	304.0	212	192	186	10,000
Big Five (Calif.)	165.0*	89	70	70	10,000
Sportmart (Ill.)	123.0*	12	11	8	30,000
Sunset Sports (Utah)	110.0*	40	36	36	15,000
Dave Cook (Colo.)	56.1*	17	17	17	19,000
Gart Bros. (Colo.)	49.0*	14	13	13	15,000
Michigan Sporting Goods (Mich.)	38.0*	16	16	16	12,500
Academy (Tex.)	35.0*	20	17	17	14,500
Irving Sports (Va.)	16.0*	18	17	17	3,000

*DSN *estimate*

Source: DSN *research*

Sporting Goods Outlook Bright As Specialty Discounters Expand

Nationwide DSN Report

As health and fitness awareness moves away from its fad status and takes its place in American culture, specialty sporting goods retailers will continue to be a prime beneficiary.

Their figure of $1.3 billion in sales last year is expected to take off over the next five years with stepped-up expansion, particularly in the relatively embryonic off-price segment.

In addition, many chains—particularly industry leader Herman's World of Sporting Goods—are trying to flatten out their annual sales curves, reducing their reliance on fourth-quarter movement of weather-dependent ski equipment and related merchandise.

Herman's, for example, has been investing less in skiing products while placing more emphasis on exercise equipment, athletic shoes, active sportswear and athletic apparel, according to recently filed public documents.

In fact, apparel sales for the chain now outweigh hard goods, 50.6% to 49.4%.

Aside from its merchandise shift, Herman's most talked about experiment has been Total Sports, its foray into off-price sporting goods retailing.

Although only two Florida Total Sports are now operating, many industry observers feel it will be the prime vehicle for most of Herman's future growth.

The company plans to open as many as 50 Total Sports units over the next five years, concentrating on "Skibelt" markets in the North and much of the Sunbelt. The latter area has been the bread and butter for Oshman's, the nation's second-largest sporting goods retailer.

Traditionally, Herman's and Oshman's have stayed out of each other's line of fire. Herman's, with sales of $368 million last year, currently operates 114 stores in 14 Northeast, Midwest and mid-Atlantic states. The chain plans to add another dozen units this year in existing markets.

Oshman's saw sales of $304 million last year and operates 192 stores, of which 174 are traditional Oshman's units and 18 are Abercrombie & Fitch stores (A&F), its upscale division.

The Houston-based chain's stores are primarily located in Sunbelt and Western states, with its greatest concentrations in Texas, with 59 units, and southern California, with 47 stores.

The Herman's and Oshman's empires do overlap on the East Coast with Herman's units

(Continued on page 33)

See related stories pages 23 and 24.

SCOA Industries' Board O.K.'s Recast Leveraged Buyout Offer

COLUMBUS, Ohio — SCOA Industries' board of directors has approved a recast proposed leveraged buyout of the company. A proxy detailing the offer, which is valued at $637 million, is due to be sent to stockholders within the next 30 days.

The proxy will disclose the financing of the buyout and the members of the investment group.

The offer was made by the Thomas H. Lee Co., a Boston-based firm specializing in such transactions in conjunction with Drexel Burnham Lambert, a New York securities company.

At least four current and past SCOA family executives are known to be members of the group. They are: George R. Friese, president; Larry Voelker, vice president-finance and treasurer; Herbert H. Goldberger, a director and retired president of the subsidiary Hills discount store division, and his son and current Hills president, Stephen H. Goldberger.

Thomas H. Lee, head of the company bearing his name, is a grandson of SCOA's founder. His 68-year-old uncle, Herbert H. Schiff, SCOA's chairman and chief executive officer, isn't a member of the buyout group.

The recast offer simplifies the terms and treats all shareholders alike. It calls for stockholders to receive a unit consisting of $30 cash and $5 in liquidation value of a new class of junior cumulative preferred stock for each share of SCOA's 16.4 million shares outstanding. The terms also apply to SCOA bonds that are convertible into 1.8 million shares of common stock.

The new class of preferred

(Continued on page 33)

Pace's Type: Small Biz, Home User

Pace Warehouse, Atlanta, targets two groups of typewriter buyers with seven-sku mix ranging from Brother's Student Riter XL1 ($179) to IBM's Selectric III ($769.97). *(DSN photo)*

Buyers Project 10-15% Gains As They Head to AFTMA Show

ST. LOUIS — Discounter fishing tackle sales, riding on a strong first half wave of business, are expected to put department sales 10% to 15% ahead by the end of the year.

Buyers say both product and packaging advances are helping drive these business gains; that momentum is expected to set the pace at this month's American Fishing Tackle Manufacturers' Assn. (AFTMA) Show here.

The news at this year's show, according to buyers polled, will be in electronics, particularly in depth finders and reels.

Strengths Examined

"Although it was introduced last year, the Hummingbird LCD depth-finder is still one of the hottest products in the segment. They've been on allocation right from the kickoff. I don't think anyone expected it to make such an impact in the marketplace," said Bob Vanmeter, buyer for Gold Circle.

The unit, which supplies an electronic readout of water depth, ranges in price from $249 to $299, everyday, and as low as $199 on promotion. Although Gold Circle doesn't carry the item, Vanmeter hopes to have it in stock for Christmas.

However, he said he is apprehensive about putting it on ad because of the product's poor availability record.

Other new products expected to make an impact at the show, according to several buyers interviewed, are "bottle blank" rods—offering a new design style—electronic casting reels, scented fish attractors and a product called color selector, which classifies lures by colors. In fact, several lure manufacturers have already changed their lures' colors to correspond to the new item.

But the real stars of this year's AFTMA, said buyers, are expeced to be improved packaging and special promotions.

"Until recently, our industry was back in the 50's when it came to merchandising. It jumped into the 70's and is currently moving toward the 80's," said Gold Circle's Vanmeter. "First, blisterpacks for reels was a significant breakthrough, and now we're first starting to see some exceptional new packaging for combos, with very strong four color graphics."

Blisterpacks and clam packs have helped many retailers move expensive reels out from behind locked glass and onto gondolas. Now the same innovative packaging has reached knives.

Several discounters pointed to Imperial Schrade's recent introduction of a pegged knives line in pilfer-proof clam packs as a merchandising trend-setter for the category. The knives will retail from $4 to over $40, with gross margins higher than 40%.

Sporting Goods Bright

(Continued from page 3)

competing with A&F stores in New York, Pennsylvania, Connecticut, Washington, D.C. and soon, in Chicago, where A&F will debut its first unit. But the two chains appeal to different clientele, with A&F geared to a more affluent customer.

However, competition is heating up in several other markets, particularly on the West Coast, where Oshman's, Big 5 and Sportmart continue to go head-to-head.

Sportmart, the Niles, Ill.-based sporting goods chain, plans to open its fifth unit in the Los Angeles area, while Oshman's will debut three traditional units and one A&F store in the market this year.

Big Five, with estimated sales of $165 million, currently has about 40 units in southern California, with its remaining 50 stores split between northern California and Nevada.

The three competing chains carry similar merchandise selections. Sportmart, however, adheres to an everyday low pricing policy. Several industry observers feel Sportmart's discounting, which varies from category to category, gives them an edge in the battle for Californian market share.

In addition, Sportmart stores are about three times the size of the average Oshman's and Big 5 store, running between 30,000 sq. ft. and 40,000 sq. ft. of selling space, easily dwarfing the industry average of 15,000 to 20,000 sq. ft. But for Sportmart, the name of the game is price.

"Our success in both southern California and Chicago is due to Sportmart's philosophy of offering our customers the lowest possible price every day on our entire selection of sporting goods and providing our customers with the services they need to insure their continued enjoyment with their sporting goods purchase," said Ron Seiler, advertising manager.

Despite its off-price stance, Sportmart provides such services as ski-binding installation and ski tune-ups, racket stringing, bicycle assembly, bowling ball drilling, fishing line winding and golf club lengthening, shortening and regripping. Sportmart also has a Ticketmaster ticket concession at all of its locations, Seiler said.

Expansion for the second tier of *DSN*'s specialty sporting goods retailers is not quite as dynamic as the segment leaders. For the most part, these regional chains—including Michigan Sporting Goods, Sunset Sports, Academy, Irving Sports, Dave Cook and Gart Brothers—all have reached maturity or at most will add one to two units in their respective backyards.

2nd Store Within 3 Blocks

(Continued from page 3)

the tristate market, yet we feel that we were by far the largest single factor in that market," said Antar at the company's first annual meeting.

"If Crazy Eddie were to continue to grow at its current pace, the company would reach its 50-store target in New York by 1990. Its annual sales could be about $750 million, but its share of the anticipated $7.7 billion New York market would be less than 10%," he added.

The chain is already making strong strides toward its 50-unit goal. On a base of 15 units, Crazy Eddie will add nine new stores this year, a 60% unit increase.

Its Lexington Avenue store, in an ex-Barnes & Noble unit, is expected to open in November to cash in on Christmas sales.

Interestingly, because of its prime retail location, Crazy Eddie will be renting out its window displays for $30,000 per month to approximately eight to 10 vendors, according to Antar. The chain doesn't rent its front window space at any other of its locations.

The chain will also be opening on W. 45th Street, the heartland of consumer electronics in New York City.

"You don't have to be a genius to select good real estate. You go to a high traffic location with a number of major retailers and you set up shop," said Antar.

The other new Crazy Eddie Manhattan site is a former Harvey's Sound and is expected to be in operation by mid-September. Competitors on the same block include Lafayette/Circuit City, The Wiz and, two blocks away, 47th St. Photo.

The Manhattan announcements come on the heels of the chain's 19th store opening last month in Livingston, N.J. Another store in Orange, Conn., is slated to debut in August.

Two other units, one in Manhattan's financial district and the other adjacent to the company's new corporate 210,000-sq.-ft. headquarters and warehouse in Edison, N.J., are also scheduled to open later this year.

The store in Edison will be the chain's "experimental" unit, according to Antar, where executives will develop and test new merchandising formats and techniques.

Board Approves Buyout

(Continued from page 3)

stock would pay 12% dividends for the first five years after the deal is closed and 12.5% thereafter. The dividends in the first four years could be paid in the form of additional preferred stock shares.

Redemption of the preferred stock at its liquidation value plus accrued dividends will be at the rate of 20% of the stock a year beginning at the end of the 11th year after the deal's closing.

The previous offer, also valued at $637 million, called for a $35 cash payment for 85.7% of stock and $35 in liquidation value of the junior preferred stock for the remaining 14.3% of the outstanding shares. Redemption would have been on a prorated basis, so some shareholders would have received mainly cash while others mainly the preferred stock.

Borrowing usually is used to finance a leveraged buyout, with the debt often paid through a combination of the sale of some company assets and income from operations.

Drexel Burnham Lambert has indicated it expects to raise the needed funds for the buyout. Neither Thomas H. Lee or SCOA executives would comment on what assets, if any, would be sold to pay off the debt.

Trade observers speculated that SCOA's shoe business, particularly its retail shoe operation, believed to be unprofitable, is the asset most likely to be sold.

Executive Changes

Adams

Hatzinger

Thorsen Tool, a manufacturing subsidiary of Household International, has named **LARRY J. ADAMS** vp, sales. He had been sales manager for hardware and consumer markets. Adams has been with the company for more than 12 years. **PETER C. HATZINGER** has joined the company as director of merchandising. He comes to Thorsen from White Stores where he was hardware group merchandise manager. He has also been employed by Ace Hardware as merchandise controller and hand tool buyer.

The new international licensing director at MGM/UA is **LAURA ROSE,** responsible for day-to-day activities as well as the supervision of 17 international agents in contract negotiations and product development. Prior to joining the company, Rose was an independent marketing consultant for Simon and Schuster. She was also marketing manager of Marvel Comics Group's international licensing division for two years.

The new president and general manager of the health care products division of Richardson-Vicks is **NICHOLAS O. MATT.** Matt joined the company in 1973 as marketing trainee and held several other marketing positions until 1982 when he was appointed vp, marketing of the personal care products division. Prior to this most recent promotion, he had been vp, marketing for the Europe/Africa division, in Paris, France.

Gemini Industries, a manufacturer of consumer electronics accessories, has named **JOSEPH P. SCHETZINA** marketing manager. He had been with Pacific Electricord prior to this appointment. Schetzina has also held positions with General Electric, Johnson & Johnson and Procter & Gamble.

DIANE PADLUCK has been named vp, marketing services at Hazel Bishop, marketer of popular-priced cosmetics. Padluck, who had been with the public relations firm The Softness Group, will be responsible for developing and supervising all publicity and advertising programs, sales promotion activities and product positioning.

Preway, Wisconsin Rapids, Wis., has named **JAMES W. EGAN** president of its fireplace division. He came to the company in January 1985 as executive vp. Prior to this he headed his own financial consulting firm and held several posts with General Housewares Corp.

Welty

Rowekamp

STANLEY R. WELTY JR. has been elected president of Wooster Brush, Wooster, Ohio. He had been assistant vp, manufacturing. Prior to joining the company, he had been with Armstrong Cork and Kerr Glass. He succeeds Woodrow J. Zook, who retired May 31. Zook continues to serve as company chairman. **DAVID ROWEKAMP** has been promoted to senior vp, sales and marketing from vp, sales. Other officers elected to the company's established posts were: **ROBERT L. WEISS,** vice chairman and secretary; **ALLAN K. RODD,** treasurer; **DONALD D. MORRIS,** assistant treasurer and assistant secretary; **ROBERT W. HEDLAND,** vp marketing; **RICHARD J. CROWELL,** vp manufacturing, and **THOMAS W. ZOOK,** vp, administration.

BARBARA B. LUCAS has been named vp, public affairs and corporate secretary for Black & Decker. Louise P. Hoblitzell, who had held this position prior to Lucas' appointment, will assist her for several months before leaving the company to pursue other interests. Lucas comes to the company from Equitable Bancorporation in Baltimore where she had been vp, corporate secretary.

Murray Ohio Fills 2 Key Positions

Richard W. Sappenfield

BRENTWOOD, Tenn. — Richard W. Sappenfield has been named president and chief executive officer of Murray Ohio Manufacturing Co. John Anderson, who had held the position since 1982, has been elected chairman of the board of directors, and chairman of the board's executive committee.

Murray Ohio is a domestic manufacturer of bicycles and power lawn mowers that does a majority of its business through discount stores.

Sappenfield, 46, has been president of the Aerospace Structures division of Textron. He has also held positions with North American Rockwell. His primary executive responsibilities have been as head of manufacturing operations.

Thomas Hannon, vice president of marketing for Murray Ohio, said that Sappenfield's "history of being given assignments that involved turning around operations that are in trouble" had been a key factor in his selection for the position.

Murray Ohio had a 1% drop in sales and a 36.7% drop in net income in calendar 1984. Sales for the year stood at $383.6 million, while net income was $7.8 million. That included a $1.4 million credit brought about by a change in accounting procedures.

For the first quarter of 1985, sales were $149.4 million, off 3.9% from the previous year. Net income dropped 41.1% to $3.4 million.

Hannon said the company has been impacted most heavily by the increasing share of the U.S. market being taken by imported bikes. He said that imports now have over 45% of the business here, up from 23% in 1982. "That's caused a tremendous deflation in bikes that has depressed our sales," he said.

Bicycles accounted for over 38% of company sales last year, compared to nearly 47% the year before. Bike sales dropped 18.9% for the year to $147.1 million.

Sales of power mowers, on the other hand, rose 15.3% to $236.4 million, and now account for over 61% of the company's business.

While manufacturing under its own label, Murray also supplies private label mowers to several major mass merchandise and home center chains, Hannon said.

Hannon said that Murray has already begun instituting measures to increase productivity among both administrative and manufacturing personnel in an effort to turn the company around. One of those measures has included a trimming of the company's employee rolls. Hannon wouldn't say how many have been dropped, although he did say there has a been combination of layoffs and attrition.

In addition, Hannon said the company has begun to recast its marketing efforts.

Loss Increases as Volume Drops In Johnson Products' 3rd Quarter

CHICAGO — Johnson Products reported sales for the third quarter ended May 31, 1985, came to $9,254,000, down from $10,459,000 for the same period last year.

Net loss was $1,645,000, or 41¢ per share, vs. last year's same-period loss of $880,000, or 22¢ per share.

Sales for the nine months totaled $29,715,000, compared to $30,386,000 for the same period last year. Net loss was $1,760,000, or 44¢ per share, as compared to last year's nine-month net loss of $1,580,000, or 40¢ per share.

Johnson Products primarily sells beauty aid products to the professional and retail trade. President George E. Johnson explained sales of major retail hair care brands and professional products continued to improve, but not enough to offset lagging sales of older brands and the phaseout of several retail products.

Losses also reflected reduced profits from Debbie's School of Beauty Culture, a company subsidiary.

Quiz Answers: 1a; 2c; 3a; 4b; 5c; 6c; 7b; 8b; 9a; 10c.

Discount Sto

®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 24, NO. 17

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

$2 per copy

AUGUST 19, 1985

0024037C DS
MS JEANNE LONG
CONGRESSIONAL INFOR SVC 1FD
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Gilman's Informality Spurs Creativity, Growth at Ames

By AL HELLER

"We won't hit people over the head for making a mistake. got them to believe that."
—Herbert Gilman, chairman, Ames

ROCKY HILL, Conn. — It took Herbert Gilman nearly a quarter century to reach the chairman's seat at $2 billion Ames.

The youngest of three brothers, his true measure as a discount executive emerged only after his elders left the business they founded, in 1981.

Gilman today is a man of apparent contrasts at the helm of the fast-growing discounter: A low-key demeanor belies his intensity about the business, which brings him to the office often at 5:30 a.m. His informal way of managing people is a far cry from the strict financial and management information systems disciplines he has imposed. Gilman's knack for extracting meaning from performance printouts isn't often found in a person who also has such enthusiasm for merchandising.

(On Aug. 11, Herbert Gilman will be named Discounter of the Year at *Discount Store News*' annual SPARC Awards banquet in Chicago.)

"Maybe it's because we used to do everything," he said, referring to his early-years efforts with brothers Milton and Irving. "We set up fixtures, bought and marked goods, ran the registers, lugged boxes and received merchandise. To this day, I crave to understand why each thing happens, so we can make the good better."

Gilman, 60, who considers himself keenly analytical, has quickly scored an impressive track record.

(Continued on page 81)

Service Mdse. Will Leap Into Off-price Apparel Arena

By KAREN PAXTON

NEW YORK — Service Merchandise is using its acquisition of H. J. Wilson as a springboard for the largest off-price apparel program ever attempted by a cataloger.

If the move is successful in boosting the chain's sales and earnings it will change the nature of Service's business and could spark similar moves at other showroom chains.

Next spring Service will begin a major rollout of apparel departments that were being used in 14 of the 80 H. J. Wilson stores it purchased last May.

"We will open 20 new departments a year for the next five years," said Steven Katkin, vice president in charge of apparel at Service.

In addition to in-showroom sections, Service envisions the eventual spin-off of a freestanding off-price apparel chain tentatively tagged Service Merchandise Apparel.

Apparel offers Service fatter margins—an average of seven points higher—and a more balanced year-round business than the traditional showroom mix which results in sales and profits concentrated in the fourth quarter, Katkin said.

In purchasing Wilson, Service inherited apparel departments that were producing between $200 and $250 per square foot on an annualized basis after less than a year in operation, Katkin reported. In addition, clothing sales had evened out the stores' volume from 75% of the yearly sales in the fall (September through December) to 60% coming from fall business. Other Service sources pointed out that apparel can also provide a vehicle to boost sales in older Service showrooms, where volume has been flattening out. If Service proves that selling discounted brand name apparel can be a remedy for the flattening catalog showroom industry, other catalogers may be prompted to increase their apparel stances.

So far only children's wear and some sporting goods items have become chainwide programs at catalog showroom chains. The more fashion oriented segments such as ladies' clothing are less attractive to hard lines-oriented retailers. Pittsburgh catalog chain David Weis, for example, recently dropped its ladies' apparel department after its margins in the category were squeezed by an onslaught of off-price appar-

(Continued on page 14)

Count to Rise 27% in '85

Closeout Stores Close in on 780 Total

By ARTHUR MARKOWITZ
Special Projects Editor

The $1 billion-plus closeout specialty store industry, sparked by the rapid expansion of a half-dozen chains, will see about a 27% growth in stores this year and another 20% gain in 1986.

The growth to more than 780 units this year comes as the industry coalesces into a handful of distinct merchandising formats and expansion programs.

30 Top Closeouters: P. 82

Many chains—including such industry leaders as Pic 'N Save, Odd Lot, C.O.M.B. and Consolidated Stores—are adding continuity merchandise and/or strengthening their direct importing of goods, to offer shoppers a broader selection while boosting their bottom line.

A number of smaller chains, on the other hand, have staked out specific market niches. Odd Job, for example, relies on just name brand domestic and European closeouts, while U.S. Factory Outlets is the closeouter for more than 200 different soft goods vendors. Rockwell Salvage focuses on higher-ticket home furnishings and building supplies such as kitchen cabinets, domestics and hardware as its core merchandise.

As the larger closeouters add continuity and imported goods, smaller salvage retailers like

(Continued on page 82)

Odd Job's spartan fixtures and cut-case displays contrast markedly with the decor of the former Hotel New Yorker ballroom, which has become the closeout retailer's seventh store. *(DSN photo)*

IN BRIEF

- **GLOSSER BROTHERS IS** now expected to hold its annual shareholders' meeting during the last week of August, according to company executives. The meeting, originally scheduled for June, had been postponed for consideration of offers to purchase the company. To date, say the executives, only a $20-per-share proposal, backed by chairman Leonard Black and president Alvin Glosser, has been approved by the board for presentation to shareholders.
- **GEORGE RUBIN HAS RE**signed as senior vp, soft lines and soft home, at Gold Circle to become vp, dmm, for the Lerner Shops division of The Limited. At presstime Gold Circle had not replaced Rubin.
- **MARS STORES AN**nounced plans to open its 20th discount store, a 52,000-sq.-ft. unit in Dudley, Mass., in March.

Parallel-Import Foes Defeated

WASHINGTON — Federal legislation ordering the U.S. Customs Service to block "parallel imports" of so-called "gray market" merchandise to discount chains came within a whisker of passing Congress earlier this month.

But fast footwork by discount industry lobbyists prompted a last minute about-face by the Senate Appropriations Committee and a stunning legislative defeat for foreign manufacturers seeking to choke off "unauthorized" chain supply sources.

The original bill—actually an obscure amendment to the pending Treasury Department appropriations legislation—was engineered through the Senate Treasury Subcommittee by gray market critics led by Sens. Dennis DeConcini (D-

(Continued on page 81)

What Happened When Drug Emporium Invaded K mart's Turf? P. 43

Hardware Show: Pp. 21-39

APAA Show: Pp. 53-72

Index

Apparel........................... 12-14
Catalog Showroom News......... 17
Classified 76-80
Consumer Electronics............ 51
Discounter Management
Development Series............74
Editorial Page 9
Executive Changes................ 49
Manufacturer News.............. 75